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REPORT TO THE GOVERNOR AND 1985 MINNESOTA LEGISLATURE

MINNESOTA HIGHER EDUCATION COORDINATING BOARD

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PREFACE

A. INTRODUCTION

This report to the governor and 1985 Minnesota Legislature examines the current status of Minnesota post-secondary education and presents the Coordinating Board's policy and budget proposals for the 1985-87 biennium. Two years ago the Coordinating Board's report to the governor and 1983 Legislature outlined enrollment and fiscal problems facing Minnesota post-secondary education, assessed prospects for the future, and offered several interrelated financing and governance proposals designed to enhance quality. Governor Rudy Perpich incorporated many of the proposals into his package of higher education initiatives, and the 1983 Legislature adopted them.

The 1983 agenda was designed to assure adequate funding for post-secondary education in Minnesota; appropriate sharing of the cost between students, their families, and the state; preservation of diversity through a strong, and distinctly different set of public and private institutions; and enhancement of authority for the systems to govern themselves. The policies were intended to achieve a set of goals for Minnesota post-secondary education that the Coordinating Board adopted in 1982.

This report examines the status of Minnesota post-secondary education, reviews the effects of current policies—in particular the 1983 initiatives—and provides recommendations to preserve and improve quality post-secondary education.

The report reflects the Board's objectives for 1985. The first objective is to continue an emphasis on the review of educational standards and to promote state policies that will help assure quality education in Minnesota. The second objective is to preserve and enhance the 1983 package of finance and governance initiatives through a thorough analysis of their impact. The third Board objective is to work on emerging issues of importance to Minnesota post-secondary education.

Chapter I. examines the status of Minnesota post-secondary education through a review of current and projected enrollment and financial conditions. Chapter II. reviews current policies and their effects. It also summarizes efforts to review educational standards and to plan for the future. Chapter III. assesses efforts designed to promote coordination and cooperation of post-secondary educational institutions, programs and resources. Chapter IV. describes programs and services to ensure access and opportunity for Minnesota residents. Chapter V. considers issues and projects to be addressed during the rest of this decade.

The Coordinating Board's key recommendations designed to promote quality, cooperation and coordination, and equal opportunity are summarized below.

B. RECOMMENDATIONS TO PROMOTE QUALITY

1. Remedial and Skills Development Instruction

The Coordinating Board proposes that elementary, secondary, and post-secondary officials work together to reduce the growing need for remedial instruction in colleges, universities, and vocational institutes. The Board recommends the following:

That local school districts, in cooperation with the State Board of Education and the Department of Education:

Establish standards for high school graduation based on the mastery of skills and knowledge that would result in improved preparation for all students and particularly for those expected to enter post-secondary institutions.

Develop and implement assessment procedures throughout elementary and secondary education to identify those students who need additional instruction to meet the standards required for high school graduation.

Provide skills development opportunities throughout elementary and secondary education for those students identified in need of additional assistance to meet the standards.

Communicate to Minnesota secondary schools, students, and parents guidelines used by post-secondary systems and institutions for defining which courses are college-level and applicable toward undergraduate degree credit and which courses are considered remedial instruction.

That the Coordinating Board:

During 1984, initiate and conduct a dialogue with the post-secondary education systems and the leaders of state government on the impact of their educational missions on admissions standards and on the need to provide remedial education. As missions are altered in the future, the systems and Coordinating Board should keep in mind the impact on remedial education.

Convene a task force composed of secondary and post-secondary faculty, academic officers and assessment specialists to develop guidelines for college-level instructional outcomes in reading, writing, and mathematics that should warrant undergraduate degree credit. The task force should report to the post-secondary governing boards and the Coordinating Board no later than May 1985.

Help communicate the guidelines developed by the task force to Minnesota secondary schools and students.

Provide recommendations on improving the quality of teacher education by conducting the teacher education study mandated by the 1984 Legislature and transmitting its report and proposals to the education committees of the legislature by January 1, 1985.

That the post-secondary education systems and institutions:

Provide assessment procedures and remedial instruction for students they admit whose education record does not demonstrate the achievement needed to perform adequately in regular academic or vocational programs.

Implement within their credit policies by the 1986-87 school year the guidelines for college-level instructional outcomes developed by the task force proposed above and communicate them to Minnesota secondary schools and students.

Contribute their resources and capabilities to the ongoing effort to enhance the quality and improve the outcomes of elementary and secondary education.

That the governor and legislature:

Finance remedial instruction and support services in public post-secondary education institutions through regular state funding formulas and ensure that students enrolled in remedial instruction be eligible for state financial aid on the same basis of need and workload as other students.

Continue their efforts to support the development of appropriate graduation standards and skill development opportunities at the elementary-secondary level.

Encourage post-secondary systems and institutions to clarify their expectations for elementary-secondary achievement that are necessary to meet standards for basic and special programs.

2. Standards of Satisfactory Progress

The Coordinating Board proposes the following:

That the governing boards of Minnesota post-secondary institutions establish, maintain and enforce academic policies that include the following provisions:

Limits on the continued enrollment of students consistently demonstrating unsatisfactory progress.

Restrictions on accumulating a backlog of incomplete work.

Restrictions on withdrawing from single courses within the student's program.

Limits on repeating courses once credit has been earned.

Protection of student rights.

Supporting administrative procedures.

That the governing boards of the four public post-secondary systems report to the Higher Education Coordinating Board on (1) actions taken to review existing policies against the above guidelines, (2) changes in academic policies and procedures reviewed in the staff report, and (3) recommendations for revisions to the guidelines. The reports are requested by June 1, 1985.

3. Standards and Procedures for Awarding Academic Credit

The Coordinating Board recommends the following:

That the Higher Education Coordinating Board, in cooperation with the public and private post-secondary education systems, develop and recommend, to the extent appropriate, statewide guidelines regarding:

Whether student effort, student-faculty contact hours, or student competencies are the appropriate bases for awarding academic credit.

What minimal amount of student effort or student-faculty contact hours should be represented by one credit.

That each post-secondary education governing board establish minimum standards for the awarding of academic credit.

That all public and private post-secondary education institutions require that credit for courses have the review and approval of (a) the faculty of the department offering the course and (b) a collegewide group which reviews the credit for all courses offered by the institution.

That all public and private post-secondary education institutions require that all credit courses offered by the institution, including regular day and continuing education courses, be subject to the same review and approval procedures.

4. Teacher Education

The Coordinating Board was scheduled to propose state policies on teacher education in December 1984.

C. RECOMMENDATIONS TO PROMOTE COOPERATION AND COORDINATION

1. Existing Instructional Programs With Low Numbers of Graduates

The Board recommends the following:

That where there have been zero graduates from a specific program for the past five years, the appropriate governing body should consider the modification or elimination of that program.

That where a cluster of programs has experienced a rapidly decreasing number of graduates the past five years, or low average numbers of graduates per program, governing bodies should examine the entire cluster of similar programs in order to share ideas across systems and institutions that will make possible coordinated activities related to the program. The Coordinating Board requests that the appropriate governing bodies submit a report to the Minnesota Higher Education Coordinating Board by November 1, 1984, specifying plans regarding low and declining program clusters. The plans might involve a rationale for continuing the programs, plans to modify the programs, negotiations with other institutions regarding consolidation or cooperation, or plans for discontinuation. Specifically the following conditions merit attention:

decrease of at least 25 percent in the number of graduates for the cluster the past five years.

on average, a small number of graduates per program within the cluster. For non-baccalaureate program clusters, the suggested criterion is fewer than 10 graduates; for baccalaureate program clusters, the suggested criterion is fewer than 2.0 graduates; for master's/specialist program clusters, the suggested criterion is fewer than 3.0 graduates per year.

2. Nursing Education in Northeastern Minnesota/Northwestern Wisconsin

The Board recommends the following:

That educational institutions continue the cooperative efforts needed to facilitate completion of articulated associate degree and baccalaureate degree nursing programs without undue repetition of coursework.

That the Coordinating Board, in reviewing existing programs and considering new program proposals:

accept no proposals that would increase the capacity for preparing licensed practical nurses (LPNs) in northeastern Minnesota and encourage a reduction in capacity in order to avoid potential excess production.

accept proposals that would extend the opportunity for LPNs to enter associate degree registered nursing programs, but not accept proposals that would create or expand generic associate degree programs.

accept no proposals at this time for creation of new generic or articulated baccalaureate programs and encourage the existing generic program not to expand current capacity.

That the Coordinating Board encourage Wisconsin to accept the same posture for reviewing existing programs and accepting new programs in northwestern Wisconsin.

That the University of Minnesota assure that high achieving pre-nursing students at the Duluth campus have an equal opportunity with Twin Cities campus students to matriculate into the Twin Cities campus Nursing School.

3. Transfer of Credit

The Coordinating Board recommends the following:

That the Community College System continue to (a) work toward a systemwide standard of distributed general education requirements for the Associate in Arts degree; and (b) work with baccalaureate degree granting public systems and private institutions to insure that the Associate in Arts Degree will fulfill the entire general education requirement for the baccalaureate degree when the intent of the degree program is that the general education component be completed in the first two years of study.

That the State Board of Vocational Technical Education work with public collegiate systems and private institutions to establish standards for accepting vocational study in meeting the requirements of associate and baccalaureate degree programs.

That the development of course equivalency guides between institutions with a high frequency of transfer be encouraged.

That the Coordinating Board, in cooperation with the post-secondary systems, study the feasibility of a common numbering convention for remedial, lower division, upper division and graduate level coursework.

That each member of the Higher Education Advisory Council and the Coordinating Board's Student Advisory Committee designate a person to serve on an 18-month pilot advisory committee, staffed by the Coordinating Board, to assist students who are still experiencing difficulty with intersystem transfer of credit after exhausting existing appeal procedures. After 18 months the value of the advisory committee process shall be assessed.

That the Coordinating Board produce an update of the 1979 publication *Will You Transfer?*, including a list of contact offices responsible for credit transfer in each Minnesota public post-secondary institution and the Coordinating Board's transfer advisory committee.

4. Minnesota Interlibrary Telecommunications Exchange (MINITEX).

The Coordinating Board recommends the following:

That the 1985 Legislature appropriate $1,046,700 for Fiscal Year 1986 and $891,100 for Fiscal Year 1987. For Fiscal Year 1986 this represents $724,700 which is the same level plus inflation and an additional $322,000 for the following new items:

$200,000 for a new, automated computer-based system for the Minnesota Union List of Serials.

$33,000 for automating MINITEX at the University of Minnesota.

$89,000 to include 52 health science libraries in MINITEX.

For Fiscal Year 1987 the request represents $764,500 which is the same level plus inflation and $126,600 for the following:

$34,000 for the computer initiative at the University of Minnesota.

$92,600 for inclusion of the health science libraries.

D. RECOMMENDATIONS TO PROMOTE EQUAL OPPORTUNITY

1. Information, Counseling and Consumer Protection

The Coordinating Board recommends the following:

That the 1985 Legislature appropriate $114,600 for Fiscal Year 1986 and $119,300 for Fiscal Year 1987 for the Post-High School Planning Program.

That each Minnesota post-secondary education institution review its catalog at least every two years to insure that it provides complete, clear, and accurate information on the institution and its programs to currently enrolled and prospective students.

That the Higher Education Coordinating Board distribute a checklist which contains the elements of a model catalog to all Minnesota post-secondary education institutions and encourage them to use it as they assess the content, clarity, and accuracy of their catalogs.

That the Higher Education Coordinating Board develop a guide for prospective post-secondary students to assist them in reviewing the information provided to them by post-secondary institutions.

That the Private Institutions Registration Program be continued and that the registration fee generated by the program be used for the administration of the program.

That the 1985 Minnesota Legislature appropriate to the Board $96,000 in Fiscal Year 1986 and $66,000 in Fiscal Year 1987 for use in developing a comprehensive plan to better inform students and parents.

2. Student Financial Aid

The Coordinating Board recommends the following:

That the 1985 Legislature appropriate $57,231,200 for Fiscal Year 1986 and $68,131,200 for Fiscal Year 1987 for the Minnesota State Scholarship and Grant Program.

This budget proposal includes several initiatives:

That the current statute governing the program be amended to base the period of eligibility on four years of financial assistance from the program rather than four years of enrollment.

That the program be modified by:

Extending eligibility to students who register for a minimum of six credits, or the equivalent, per term.

That the legislative commitment for a two-year phase-in of the Design for Shared Responsibility for students attending private institutions, as expressed in statute, be honored by the 1985 Legislature; and that sufficient funding be provided to raise the cap on the tuition allowance for students attending private institutions to the instructional-cost based level recommended by the Board in 1983.

That the living allowance be increased from $2,750 to $3,000 in Fiscal Year 1986 and $3,250 in Fiscal Year 1987.

That the 1985 Legislature appropriate $2 million to the existing Part-Time Grant Program in Fiscal Year 1986 and $2 million to the program, as modified, in Fiscal Year 1987.

That the Part-Time Grant Program be modified in Fiscal Year 1987 by:

limiting grant eligibility to students who are registered for fewer than six credits, or the equivalent, per term, and to new or returning students who are registering for at least six credits but fewer than 12 credits, or the equivalent, during the first term after revision of the program statute in which they apply for a state grant;

making all other eligibility criteria consistent with those of the State Scholarship and Grant Program;

requiring each post-secondary institution to adopt a need analysis that is consistent with an institution's overall financial aid policy and considers both the student's educational budget and resources.

That the 1985 Legislature appropriate $4,428,600 for the State Work Study Program for Fiscal Year 1986 and $4,428,600 in 1987.

That the 1985 Legislature appropriate $95,000 for Fiscal Year 1986 for the Medical and Osteopathy Loan Program to pay bond principal on revenue bonds that are maturing.

3. Interstate Tuition Reciprocity

The Coordinating Board proposes the following:

That the 1985 Legislature appropriate $4,300,000 for Fiscal Year 1986 and $4,000,000 for Fiscal Year 1987. If an appropriation for either year is insufficient, the appropriation for the other year is available for it and any unexpended balance remaining in the first year shall not cancel but shall be available for the second year of the biennium.

That the Coordinating Board staff pursue negotiations with Wisconsin and South Dakota to include the vocational sectors in the interstate agreements; and that negotiations with North Dakota and South Dakota be aimed at adoption of the Wisconsin methodology in determining interstate payments under the agreements.

4. Optometry-Osteopathy Contracting

The Coordinating Board proposes the following:

That the 1985 Legislature appropriate $315,000 for Fiscal Year 1986 and $320, 000 for Fiscal Year 1987 for the Optometry-Osteopathy Contracting Program that would allow for five new seats each year in the Osteopathy Contracting Program, in addition to continuing seats.

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STATUS

I

I

A. INTRODUCTION

This chapter reviews the status of Minnesota post-secondary education. An understanding of current conditions and their implications is necessary in planning for the future. The chapter summarizes the Coordinating Board's efforts in collecting and analyzing data on Minnesota post-secondary education. It presents information on participation trends, characteristics of students, enrollment projections, and the state's investment in post-secondary education. In order to provide a context for assessing the health of Minnesota post-secondary education, an effort is made to ascertain the extent to which the state's goals for post-secondary education are being achieved, to determine how Minnesota fares in comparison to other states, and to observe how the state's investment in post-secondary education compares to funding for other state services.

B. BOARD EFFORTS IN INFORMATION SERVICES AND RESEARCH

In order to plan for the future of Minnesota post-secondary education, to better coordinate existing opportunities, and to manage programs effectively, an accurate and timely information base is needed.

Over the past several years the Board has enhanced significantly its capacity to collect, evaluate and present information on many aspects of post-secondary education. A complete, accessible data base is needed to conduct planning and research, to identify problems, and to analyze the effects of alternative policies.

Each year the Board conducts surveys on such topics as enrollments, student characteristics, faculty salaries, degrees granted, library resources, programs, and facilities. Many of these surveys are conducted in conjunction with the federal Higher Education General Information Surveys (HEGIS). The Board prepares annual institutional enrollment projections which are based on grade-level enrollment projections for elementary and secondary education. As part of the Board's budget review and financial planning activities, data are prepared on appropriations, expenditures, and costs of instructional services in public institutions.

Since 1967 the Board has conducted a series of statewide surveys of enrollment. About 150 public and private institutions respond. As information requirements increased, survey activity was expanded from one headcount survey to seven, collecting information on enrollment by sex, age, level, full-time or part-time enrollment status, year of high school graduation, number of credits awarded, previous institutions attended by transfer students, and place of residence. Information from these surveys is published in an annual series of reports. They are disseminated widely to institutions, state agencies, private businesses, legislative committees, and the public. In addition, hundreds of requests for information are received and answered each year.

Early in 1981 the Board staff initiated a pilot test of a student record-based enrollment reporting system. The goal was to assess the feasibility of replacing the Board's surveys with a single report based on the fundamental unit of enrollment reporting —the student. With such a system, institutions would provide an individual record for each current enrollee. Records would be submitted in an identical format and would contain descriptive elements such as age and place of residence now reported for the aggregate student body.

The results of the pilot test indicated that such a system is feasible and would be superior to the aggregate reporting system used by the Board to obtain enrollment data. Representatives of the institutions participating in the pilot test recommended that the Board implement such a system.

During 1983 the Board contracted with a systems consultant to develop a data base to be managed on the Board's in-house computer. Beginning in fall 1983, the single report of individual student records became the standard method of enrollment reporting. Based on the first year's experience with the new system, modifications in reporting protocols were made for the fall 1984 report, and methods of merging multiple years of data for longitudinal research are under development.

The new system has reduced the annual institutional reporting burden; reduced the need to request additional enrollment information from institutions, enhanced the capability of answering one-time information inquiries; improved the quality and comparability of enrollment statistics; made possible the retrieval of student information at various levels of detail; accommodated ad hoc research inquiries in a flexible manner; upgraded the analytical capacity of the data base; produced information in numerous report formats; supported planning, research, and policymaking information needs, and eliminated expensive, tedious hand manipulation of current surveys.

The revision of the enrollment data base is the first step in a comprehensive review of the Board's information collection efforts. An advisory committee on data resources required to support policy studies was formed in fall 1984 to define the full range of data elements needed to fulfill the Board's planning mandate. As institutions, systems and state agencies plan new data management approaches, this committee also will serve as a forum for discussing ways of streamlining reporting procedures and facilitating data exchange.

The Board maintains a program inventory which contains descriptions of some 3,000 instructional programs. It includes information on where the program is offered, its degree level, and the number of graduates for the last six years.

A three-year effort to improve the management of information for the State Scholarship and Grant Program resulted in the implementation of a new system for the 1983-84 award cycle. This was the first application to be brought on line on the Board's new computer system. This system has improved the efficiency of processing student aid and provides information to support more efficient management of the programs. The system also creates data files for research use. This will assist the Board's staff in building models that simulate future conditions. The Board staff regularly assesses the impact of changes in the financial circumstances of families, changes in the cost of education, and changes in federal or state policies. Processing of scholarships and grants under the new system began in January 1983, and processing of loans and campus-based aid programs is expected in the future.

Because the system offers greater flexibility than possible previously, various alternatives to enhancing the system and improving services to students are being considered, including the possibility of providing a direct computer link to individual campus financial aid offices and the Board's computer. The Board in 1984 established a special task force to examine delivery alternatives.

C. PARTICIPATION

Participation trends affect virtually all aspects of post-secondary education. Enrollment characteristics are related closely to how much the state invests in post-secondary education, the number and types of programs it offers, the facilities it operates, the faculty it supports, the prices it charges, and the financial aid it provides to students. This section reviews several dimensions of participation in Minnesota post-secondary education.

Most of the data focuses on state-level trends. Additional information on system and institution level trends can be found in the Board's annual fall enrollment surveys and other data reports.

Starting in fall 1983, the Coordinating Board received unit records for each student enrolled in an institution. The new method of data collection resulted in the lack of availability of some data on the unit record level. If a table for 1983 displays students classified by two data elements (i.e. sex and level), a student cannot be tabulated when one of the two elements is missing. Data that are unavailable are indicated in a footnote. Although the new data collection design will improve comparability across institutions, it initially may lead to inconsistencies in comparisons across historical data.

1. On-Campus Headcount Enrollment

On-campus fall headcount enrollment in Minnesota post-secondary education increased slightly in 1982 and 1983 and totaled 220,401 in fall 1983.[1] From fall 1981 to 1983, total enrollment increased by 3.5 percent, or 7,506 students, as shown in Table I.1.

Public system enrollment increases continued to exceed those of private institutions. Between 1981 and 1983 public enrollments grew 3.8 percent, or 6,505 students—from 170,707 to 177,212. Private institution enrollments, excluding private vocational schools, increased 2.4 percent, or 1,001 students—from 42,188 to 43,189. Fall 1983 enrollments in the public sector accounted for slightly more than 80 percent of total on-campus headcount enrollment.

In the 15-year period from 1969 to 1983, total headcount enrollments increased 48 percent, or 71,659 students. They grew by 33 percent, or 54,835 students, from 1974 to 1983, and by 13.3 percent, or 25,937 students, from 1979 to 1983.

Between 1969 and 1983, fall headcount enrollments increased by more than 58,000 in the public systems and by about 13,600 in private institutions.

2. Full-Time and Part-Time Enrollments

The percentage of students enrolled part-time increased in fall 1982 and 1983. In fall 1983, as indicated in Table I.2, part-time students made up 22.6 percent of total headcount enrollments.

Part-time enrollment increased substantially between 1969 to 1983. A review of the 15 years shows that part-time students accounted for 8.8 percent of total headcount in 1969, 13.7 percent in 1974, 18.3 percent in 1979, and 22.6 percent in 1983. The proportion of part-time students is increasing again after a stable period in fall 1980 and 1981.

The distribution of full and part-time enrollments varies significantly by post-secondary systems and geographical location. Institutions located in the Twin Cities area enroll a larger percentage of part-time students while out-state institutions enroll more full-time students. Also, public institutions enroll a larger percentage of part-time students than private institutions. These variations are shown in the Board's annual fall enrollment survey publications, and highlighted in Table I.3.

Almost half the total headcount enrollment in the Community College System is part-time. Part-time students make up about 21 percent of the State University System's enrollment, 17 percent of the University of Minnesota's enrollment, 15 percent of the private four-year college enrollment, and 40 percent of the private professional school enrollment.

The growth in part-time enrollments has implications for state post-secondary policies. Financial aid policy for part-time students is discussed in Chapter II.B.4.c.

3. Enrollment By Sex

Participation in post-secondary education by women continued to increase in fall 1982 and fall 1983. Enrollment of women increased from 44.3 percent of total headcount enrollments in fall 1973 to 51.2 percent in fall 1983, as shown in Table I.4. Women have accounted for more than 50 percent of total headcount enrollments since 1979.

The number of females enrolled in-

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[1] Total fall headcount enrollment represents the enrollment for on-campus students enrolled for credit as of the 10th day of classes in the fall term. Extension students are not included. The total includes both full-time and part-time students.

I

TABLE I.1
ON-CAMPUS HEADCOUNT ENROLLMENT PUBLIC AND PRIVATE POST SECONDARY SYSTEMS 1969-1983[1]

	Public		Private[2]		All Systems[2]	
Year	Fall Headcount	Annual % Change	Fall Headcount	Annual % Change	Fall Headcount	Annual % Change
1969	119,176		29,566		148,742	
1970	126,912	6.5%	30,076	1.7%	156,988	5.5%
1971	130,475	2.8	30,046	−0.1	160,430	2.2
1972	128,184	−1.8	31,382	4.4	159,566	−0.5
1973	128,824	0.5	32,774	4.4	161,598	1.3
1974	132,074	2.5	33,492	2.2	165,566	2.5
1975	143,588	8.7	36,076	7.7	179,664	8.5
1976	147,709	2.9	37,795	4.8	185,504	3.3
1977	149,540	1.2	40,062	6.0	189,608	2.2
1978	150,158	0.4	40,032	−0.1	190,190	0.3
1979	153,829	2.4	40,635	1.5	194,464	2.2
1980	165,591	7.6	41,767	2.8	207,358	6.6
1981	170,707	3.1	42,188	0.7	212,895	2.3
1982	171,791	0.6	42,543	0.8	214,334	0.7
1983	177,212	3.2	43,189	1.5	220,401	2.8

[1] Does not include extension students.

[2] Does not include private vocational students.

Source: Minnesota Higher Education Coordinating Board.

TABLE I.2
FULL-TIME AND PART-TIME ON-CAMPUS HEADCOUNT ENROLLMENT, ALL SYSTEMS 1969-1983[1]

	Full-Time		Part-Time		Total	
Fall	No.	Percent	No.	Percent	No.	Percent
1969	135,663	91.2%	13,079	8.8%	148,742	100.0%
1970	140,722	89.6	16,266	10.4	156,988	100.0
1971	142,862	89.0	17,568	11.0	160,430	100.0
1972	140,918	88.3	18,648	11.7	159,566	100.0
1973	141,821	87.8	19,777	12.2	161,598	100.0
1974	142,801	86.3	22,765	13.7	165,566	100.0
1975	153,454	85.4	26,210	14.6	179,664	100.0
1976	157,787	85.1	27,717	14.9	185,504	100.0
1977	160,664	84.7	28,944	15.3	189,608	100.0
1978	156,985	82.5	33,205	17.5	190,190	100.0
1979	158,921	81.7	35,543	18.3	194,464	100.0
1980	167,143	80.6	40,215	19.4	207,358	100.0
1981	171,142	80.6	41,753	19.4	212,895	100.0
1982	170,260	79.4	44,074	20.6	214,334	100.0
1983[2]	159,303	77.4	46,557	22.6	205,860	100.0

[1] Does not include private vocational students.

[2] Does not include 14,541 students who could not be classified as full or part time.

Source: Minnesota Higher Education Coordinating Board.

TABLE I.3
FULL-TIME, PART-TIME AND TOTAL FALL HEADCOUNT ENROLLMENT BY SYSTEM
1969, 1976 AND 1983

	1969					1976				
	Full-Time		Part-Time		Total	Full-Time		Part-Time		Total
System	No.	Percent	No.	Percent	No.	No.	Percent	No.	Percent	No.
AVTI[1]	13,435	100.0%	0	0.0%	13,435	27,745	100.0%	0	0.0%	27,745
Community College	14,291	81.5	3,254	18.5	17,545	16,485	60.5	10,768	39.5	27,253
State University	33,331	88.2	4,450	11.8	37,781	31,296	85.6	5,277	14.4	36,573
University of Minnesota	46,533	92.3	3,882	7.7	50,415	47,679	84.9	8,459	15.1	56,138
Private Two-Year	1,000	87.8	139	12.2	1,139	1,392	86.7	213	13.3	1,605
Private Four-Year	25,882	95.4	1,261	4.6	27,143	30,566	91.8	2,714	8.2	33,280
Private Professional	1,191	92.8	93	7.2	1,284	2,624	90.2	286	9.8	2,910
TOTAL	135,663	91.2	13,079	8.8	148,742	157,787	85.1	27,717	14.9	185,504

	1983				
	Full-Time		Part-Time		Total
System	No.	Percent	No.	Percent	No.
AVTI[2]	21,912	95.9%	935	4.1%	22,847
Community College	19,290	50.3	19,091	49.7	38,381
State University	34,571	79.2	9,080	20.8	43,651
University of Minnesota	47,734	82.6	10,058	17.4	57,792
Private Two-Year	1,185	68.3	549	31.7	1,734
Private Four-Year	32,734	85.4	5,616	14.6	38,350
Private Professional	1,877	60.5	1,228	39.5	3,105
TOTAL	159,303	77.4	46,557	22.6	205,860

[1] Until fall 1978, all AVTI students were considered full time.

[2] Does not include 14,541 students who could not be classified as full or part time.

SOURCE: Minnesota Higher Education Coordinating Board enrollment survey.

TABLE I.4
ON-CAMPUS UNDERGRADUATE HEADCOUNT ENROLLMENT BY SEX, ALL SYSTEMS, 1973-1983[1]

	Male		Female		Total	
Fall	No.	Percent	No.	Percent	No.	Percent
1973	82,838	55.7%	66,006	44.3%	148,844	100.0%
1974	82,152	54.9	67,360	45.1	149,512	100.0
1975	87,929	54.5	73,404	45.5	161,333	100.0
1976	88,166	53.0	78,306	47.0	166,472	100.0
1977	86,634	50.8	83,952	49.2	170,586	100.0
1978	85,659	50.2	84,832	49.8	170,491	100.0
1979	86,047	49.3	88,623	50.7	174,670	100.0
1980	92,070	49.2	95,095	50.8	187,165	100.0
1981	94,673	49.0	98,419	51.0	193,092	100.0
1982	95,877	49.5	97,653	50.5	193,530	100.0
1983	89,488	48.8	93,768	51.2	183,256	100.0

[1] Does not include private vocational students. Does not include students whose sex is not classified. This accounts for the decrease in total enrollments shown between 1982 and 1983.

SOURCE: Minnesota Higher Education Coordinating Board

TABLE I.5
AGE DISTRIBUTION OF ON-CAMPUS COLLEGIATE UNDERGRADUATE STUDENTS, ALL SYSTEMS
1974-1983[1]

	1974		1975		1976		1977		1978	
Age	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent
17 and under	2,854	2.4%	3,183	2.4%	2,068	1.6%	3,189	2.3%	2,200	1.5%
18	22,600	19.2	24,611	18.9	24,897[2]	19.2	24,914	18.2	24,436	17.1
19	22,465	19.0	22,788	17.5	23,872	18.4	24,565	17.9	26,381	18.5
20	20,155	17.1	19,799	15.2	19,845	15.3	21,215	15.5	21,683	15.2
21	17,034	14.4	17,110	13.1	17,038	13.2	17,470	12.7	18,901	13.2
22-24	15,449	13.1	20,296	15.5	20,139	15.6	20,949	15.3	22,147	15.5
25-29	9,179	7.8	12,179	9.3	11,680	9.0	12,724	9.3	13,467	9.4
30-34	3,298	2.8	4,328	3.3	4,266	3.3	5,176	3.8	5,958	4.2
35 and over	4,901	4.2	6,228	4.8	5,624	4.3	6,989	5.1	7,801	5.5
TOTAL	117,935		130,522		129,429		137,191		142,974	

	1979		1980		1981		1982		1983	
Age	No.	Percent	No.	Percent	No.	Percent	No.	Percent	No.	Percent
17 and under	2,364	1.6%	1,707	1.1%	2,606	1.7%	1,275	0.8%	538	0.3%
18	25,135	17.2	24,794	16.6	25,322	16.4	23,917	15.4	18,678	12.0
19	26,687	18.2	27,177	18.1	27,523	17.8	27,265	17.6	27,453	17.6
20	22,674	15.5	23,302	15.6	23,855	15.5	23,963	15.4	24,441	15.7
21	19,034	13.0	20,207	13.5	20,407	13.2	21,578	13.9	21,959	14.1
22-24	22,549	15.4	23,669	15.8	24,341	15.8	25,563	16.5	28,592	18.6
25-29	13,451	9.2	13,635	9.1	14,269	9.2	14,478	9.3	15,153	9.7
30-34	6,197	4.2	6,680	4.5	7,089	4.6	7,450	4.8	8,157	5.2
35 and over	8,272	5.7	8,630	5.8	8,889	5.8	9,777	6.3	10,731	6.9
TOTAL	146,363		149,801		154,301		155,266		155,702	

[1] Does not include those students classified as age unknown.

[2] For community colleges it includes 18 and under.

SOURCE: Minnesota Higher Education Coordinating Board

creased from 66,006 in fall 1973 to 93,768 in fall 1983, or almost 42 percent. During the same period, male enrollment grew by about 8 percent, from 82,838 to 89,488.

4. Age Distribution of Undergraduate Collegiate Students

The proportion of older students enrolling in Minnesota post-secondary education has increased significantly in the past decade. In 1974, 27.9 percent of the enrolled collegiate students were 22 years of age or older whereas in fall 1983, 40.4 percent of the undergraduate students were 22 or older, as shown in Table I.5.

Students 30 years of age or older accounted for 7.0 percent of total enrollments in 1974. By 1983, students 30 and older represented 12.1 percent of the undergraduate collegiate enrollment.

5. Minority Enrollments

The total number of minority students in Minnesota post-secondary education increased from 5,059 in 1974 to 9,136 in 1982, an increase of 80.6 percent. During the same period minorities as a percentage of total enrollments increased from 3.2 percent in 1974 to 3.7 percent in 1982.

Between 1980 and 1982, minority enrollments increased by 1,121, or 14 percent—from 8,015 to 9,136, as shown in Table I.6.

In the public sector, the largest increases in minority enrollments occurred in the AVTIs and community colleges. Minority enrollments in the AVTIs grew from 472 in 1974 to 2,780 in 1982, a gain of 2,308, or 489 percent. Minority enrollments in the community colleges increased from 511 in 1974 to 960 in 1982, an increase of 88 percent.

In the University of Minnesota system, minority enrollments increased from 2,683 in 1974 to 3,387 in 1980, but fell to 3,377 in 1982.

Minority enrollments in the State University System rose from 538 in 1974 to 815 in 1982, an increase of 51 percent.

TABLE I.6
HEADCOUNT ENROLLMENT AND PERCENT OF TOTAL HEADCOUNT ENROLLMENT BY RACIAL/ETHNIC GROUP AND SYSTEM 1974, 1979, 1980 AND 1982[1]

	State University System		Community College System		University of Minnesota		AVTIs	
Racial/Ethnic Group	No.	Percent	No.	Percent	No.	Percent	No.	Percent
Black								
1974	200	0.6%	254	1.1%	1,041	2.0%	153	0.6%
1979	245	0.6	196	0.7	988	1.8	235	0.9
1980	223	0.5	356	1.0	1,183	2.0	299	1.0
1982	252	0.5	373	1.0	1,114	1.4	652	1.6
American Indian								
1974	198	0.6	139	0.6	470	0.9	181	0.8
1979	231	0.5	106	0.4	347	0.6	449	1.6
1980	298	0.7	133	0.4	422	0.7	534	1.8
1982	264	0.5	213	0.6	395	0.5	767	1.8
Asian								
1974	40	0.1	48	0.2	927	1.8	18	0.1
1979	133	0.3	94	0.3	883	1.6	343	1.2
1980	142	0.3	222	0.6	1,210	2.1	585	1.9
1982	170	0.4	248	0.7	1,392	1.7	908	2.2
Hispanic								
1974	100	0.3	70	0.3	245	0.5	120	0.5
1979	66	0.2	94	0.3	466	0.8	414	1.5
1980	106	0.2	133	0.4	572	1.0	417	1.4
1982	129	0.3	126	0.3	476	0.6	453	1.1
White & All Other								
1974	33,733	98.4	22,565	97.8	49,248	94.8	23,300	98.0
1979	43,023	98.5	28,659	98.4	53,606	95.2	26,155	94.9
1980	44,028	96.2	33,766	96.8	55,703	94.3	28,275	93.9
1982	47,645	98.3	36,565	97.4	76,335	95.8	38,476	93.3
Total Minority Headcount								
1974	538	1.6	511	2.2	2,683	5.2	472	2.0
1979	675	1.5	540[2]	1.8	2,684	4.8	1,441	5.2
1980	769	1.7	844	2.4	3,387	5.7	1,835	6.1
1982	815	1.7	960	2.6	3,377	4.2	2,780	6.7
Total Headcount								
1974	34,271	100.0	23,076	100.0	51,931	100.0	23,772	100.0
1979	43,698	100.0	29,149	100.0	56,299	100.0	27,596	100.0
1980	45,757	100.0	34,892	100.0	59,090	100.0	30,110	100.0
1982	48,460	100.0	37,525	100.0	79,712[3]	100.0	41,256	100.0

[1] Does not include extension enrollment.

[2] Includes 50 minority students not classified by racial/ethnic group.

[3] 1982 figures for the University of Minnesota system include extension students.

SOURCE: Minnesota Higher Education Coordinating Board

Between 1980 and 1982, minority enrollments in private two-year and private four-year colleges remained stable; however, minority enrollments in private professional schools increased by 42, or 69 percent, from 61 to 103.

Asian students for the first time in 1982 made up the largest group of minority enrollments, surpassing blacks. Enrollment of Asian students grew from 2,431 in 1980 to 3,021 in 1982, an increase of 24.2 percent. Black enrollments increased from 2,600 to 2,913 during the two-year period, and American Indian enrollments rose from 1,535 to 1,784. Hispanic enrollments, after increasing from 611 in 1974 to 1,449 in 1980, declined to 1,418 in 1982.

The number of minority students enrolled in public institutions increased from 4,204 in fall 1974 to 7,932 in 1982, an increase of 3,728, or 89 percent.

TABLE I.6 (Continued)
HEADCOUNT ENROLLMENT AND PERCENT OF TOTAL HEADCOUNT ENROLLMENT BY RACIAL/ETHNIC GROUP AND SYSTEM
1974, 1979, 1980 AND 1982

	Private Two-Year Colleges		Private Four-Year Colleges		Private Professional Schools		All Systems	
Racial/Ethnic Group	No.	Percent	No.	Percent	No.	Percent	No.	Percent
Black								
1974	31	2.0%	534	2.4%	13	0.9%	2,226	1.4%
1979	47	2.8	475	1.4	25	0.8	2,211	1.1
1980	54	3.3	452	1.2	33	1.0	2,600	1.1
1982	66	3.9	410	1.1	46	1.3	2,913	1.2
American Indian								
1974	14	0.9	108	0.5	1	0.1	1,111	0.7
1979	4	0.2	131	0.4	6	0.2	1,274	0.7
1980	11	0.7	128	0.4	9	0.3	1,535	0.7
1982	6	0.4	118	0.3	21	0.6	1,784	0.7
Asian								
1974	3	0.1	73	0.3	2	0.1	1,111	0.7
1979	4	0.2	208	0.6	12	0.4	1,677	0.9
1980	7	0.4	252	0.7	13	0.4	2,431	1.0
1982	9	0.5	268	0.7	26	0.8	3,021	1.2
Hispanic								
1974	7	0.5	69	0.3	0	0.0	611	0.4
1979	6	0.4	172	0.5	8	0.2	1,226	0.6
1980	8	0.5	207	0.6	6	0.2	1,449	0.6
1982	1	0.1	223	0.6	10	0.3	1,418	0.6
White & All Other								
1974	1,492	96.4	21,168	96.4	1,476	98.9	152,982	96.8
1979	1,623	96.3	33,636	97.1	3,292	98.5	189,994	96.8
1980	1,558	95.1	35,303	97.1	3,290	98.2	225,121	96.6
1982	1,596	95.1	36,008	97.2	3,361	97.0	239,986	96.3
Total Minority Headcount								
1974	55	3.6	784	3.6	16	1.1	5,059	3.2
1979	61	3.6	986	2.8	51	1.5	6,438	3.3
1980	80	4.9	1,039	2.9	61	1.8	8,015	3.4
1982	82	4.9	1,019	2.8	103	3.0	9,136	3.7
Total Headcount								
1974	1,547	100.0	21,952	100.0	1,492	100.0	158,041	100.0
1979	1,684	100.0	34,622	100.0	3,343	100.0	196,382	100.0
1980	1,638	100.0	36,342	100.0	3,351	100.0	233,136	100.0
1982	1,678	100.0	37,027	100.0	3,464	100.0	249,122	100.0

SOURCE: Higher Education General Information Survey, "Fall Enrollment in Institutions of Higher Education" and Department of Education, Division of Vocational-Technical Education.

The number of minority students enrolled in private institutions increased from 855 in fall 1974 to 1,204 in 1982, an increase of 41 percent. Between 1980 and 1982, private sector minority enrollments increased from 1,180 to 1,204, a gain of 2 percent.

6. Minnesota Resident/Nonresident/Foreign Enrollment

Minnesota residents make up 85 percent of the total fall headcount enrollment, with the remainder consisting of students from other states and foreign countries.

Students from other states typically constitute about 13 percent of total fall headcount enrollment, as shown in Table I.7, while foreign students make up 2 to 3 percent of the enrollment. Approximately 32 percent of

TABLE I.7
MINNESOTA RESIDENT/NONRESIDENT/FOREIGN HEADCOUNT ENROLLMENT, FALL
1976-1983

	Minn. Resident		Other States		Foreign		Total
Fall	No.	Percent	No.	Percent	No.	Percent	No.
1976	158,045	84.7%	24,521	13.1%	3,957	2.1%	186,523
1977	158,973	84.3	24,871	13.2	4,713	2.5	188,557
1978	160,439	84.1	25,840	13.5	4,550	2.4	190,829
1979	165,943	84.8	25,277	12.9	4,499	2.3	195,719
1980	174,880	84.9	26,153	12.7	5,050	2.5	206,083
1981	180,369	84.7	26,680	12.5	5,920	2.8	212,858
1982	181,026	84.7	26,571	12.4	6,219	2.9	213,816
1983[1]	179,471	84.9	27,089	12.8	4,835	2.3	211,395

[1] Does not include 9,000 students whose place of residence was unknown.

Source: Minnesota Higher Education Coordinating Board

TABLE I.8
FALL HEADCOUNT ENROLLMENT BY SYSTEM AND LEVEL, 1980-1983

	Fall 1980				Fall 1981			
System	Voc.	Undergrad & Unclass	Grad & 1st Prof.	Total	Voc.	Undergrad & Unclass	Grad & 1st Prof.	Total
AVTI	30,111			30,111	31,234			31,234
Community College	8,053	26,837		34,890	9,334	27,939		37,273
State University		38,184	3,161	41,345		39,730	2,884	42,614
University of Minnesota		47,459	11,630	59,089		47,622	11,597	59,219
Private Vocational	3,121			3,121	2,068			2,068
Private Two-Year		1,638		1,638		1,592		1,592
Private Four-Year		32,658	2,295	34,953		33,934	1,773	35,707
Private Professional		110	3,156	3,266		105	3,015	3,120
TOTAL	41,285	146,886	20,242	208,413	42,636	150,922	19,269	212,827

	Fall 1982				Fall 1983			
System	Voc.	Undergrad & Unclass	Grad & 1st Prof.	Total	Voc.	Undergrad & Unclass	Grad & 1st Prof.	Total
AVTI[1]	31,786			31,786	37,388			37,388
Community College	9,412	28,033		37,445	10,177	28,204		38,381
State University		40,504	2,863	43,367		41,320	2,331	43,651
University of Minnesota		47,354	11,936	59,290		45,633	12,159	57,792
Private Vocational[2]	5,099			5,099	10,287			10,287
Private Two-Year		1,684		1,684		1,734		1,734
Private Four-Year[3]		33,463	2,293	35,756	89	35,462	2,799	38,350
Private Professional		75	3,356	3,431			3,105	3,105
TOTAL	46,297	151,113	20,448	217,858	57,941	152,353	20,394	230,688

[1] In Fall 1983, the AVTIs began using a different reporting period.

[2] Fall 1983 represents more complete reporting of private vocational institutions than previous years.

[3] Beginning with Fall 1983, vocational students at private four-year institutions are identified.

Source: Minnesota Higher Education Coordinating Board.

the enrollment from other states comes from Wisconsin, North Dakota and South Dakota, which have reciprocity agreements with Minnesota. Foreign student enrollment peaked in fall 1982 with 6,219 students, or 2.9 percent of total fall headcount.

TABLE I.9
PARTICIPATION RATES OF PRIOR JUNE HIGH SCHOOL GRADUATES
BY SEX AND SYSTEM
FALL 1980-82[1]

	Fall 1980			Fall 1981			Fall 1982		
System	Male	Female	Total	Male	Female	Total	Male	Female	Total
State Universities	7.56	9.76	8.66	7.83	10.20	9.01	7.56	9.91	8.72
Community Colleges	8.25	8.37	8.31	8.24	8.21	8.22	7.92	8.39	8.15[2]
AVTIs	12.87	11.67	12.27	11.11	10.51	10.81	11.93	12.16	12.04
University of Minnesota	9.63	8.13	8.88	9.98	8.61	9.30	10.27	8.60	9.45
Private Vocational Schools	0.94	1.26	1.10	0.67	1.28	0.97	1.04	2.41	1.71
Private Two-Year Colleges	0.64	0.84	0.74	0.41	0.74	0.58	0.52	0.70	0.61
Private Four-Year Colleges	6.56	8.89	7.73	6.54	9.30	7.91	6.22	8.61	7.39
Total	46.44	48.92	47.68	44.78	48.85	46.81	45.46	50.77	48.07[2]

[1] Does not include students enrolling in institutions outside Minnesota.

[2] Does not include 1,675 males and 2,333 females whose year of graduation was reported as unknown by the community colleges.

Source: Minnesota Higher Education Coordinating Board.

The AVTIs and community colleges enroll the largest percentages of resident students, generally more than 94 percent of their total fall enrollment, as shown in Table I, Appendix E.

Between fall 1976 and 1983, resident enrollments in the University of Minnesota and State University System were close to the state average of 85 percent. Twelve to 14 percent of the enrollment in the two systems came from other states. During the period, foreign students made up approximately 3 to 4 percent of the University's enrollment and 2 to 2.5 percent of the State University System's enrollment.

In 1983-84 the University of Minnesota's Twin Cities campus ranked 11th nationally in foreign student enrollment, according to the Institute of International Education.

Private four-year colleges enroll about 66 to 69 percent of their students from Minnesota, about 30 percent from other states, and 2 to 3 percent from foreign countries. Resident students make up about 75 to 80 percent of the enrollment in private professional schools.

7. Fall Headcount Enrollment By System and Level

Vocational students made up one fourth of Minnesota's total headcount in fall 1982. Undergraduate and unclassified students made up 69 percent, as shown in Table I.8, and graduate and first professional students constituted 9 percent.[2]

Of the vocational students, 65 percent in 1983 were enrolled in AVTIs, 17 percent were in community colleges, and 18 percent were enrolled in private vocational schools.

Of the undergraduate and unclassified students in fall 1983, 18.5 percent attended community colleges, 27 percent were in state universities, 30 percent were at the University of Minnesota, and 23 percent were at private four-year colleges.

Of the graduate and first professional enrollment, 11 percent attended state universities, 60 percent attended the University of Minnesota, 14 percent were at the private four-year colleges, and 15 percent were enrolled in private professional schools.

Seventy-nine percent of the University of Minnesota's fall 1983 enrollment consisted of undergraduate and unclassified students; 21 percent were graduate and first professional students.

Of the Community College System's fall 1983 enrollment, 27 percent were made up of vocational students and 73 percent were undergraduate and unclassified students.

8. Participation Rates of Prior June High School Graduates

Somewhat less than half the prior year's high school graduates enroll the next year in a Minnesota post-secondary institution.

As indicated in Table I.9, the highest participation rate was 48.07 percent in fall 1982, and the lowest was 46.81 in 1981.

Females enroll at a higher rate than males. In fall 1982, the female participation rate was 50.77 while the rate for males was 45.46.

These figures do not include high school graduates who enroll in institutions outside Minnesota. If these students were included, approximately 55 percent of each high school graduating class would enroll in post-secondary education the year following completion of high school.

In fall 1982 AVTIs had the highest participation rate, 12.04, followed by the University of Minnesota, 9.45, and the state universities, 8.72.

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[2] Unclassified students are enrolled for credit but don't fit into a particular class.

TABLE I.10
NEW ENTERING FRESHMAN PARTICIPATION TRENDS BY SECTOR
1973-1982

Fall	All Public Systems	All Private Systems	All Collegiate Systems	All Vocational Systems	All Systems
1973	56.43	10.16	41.16	25.43	66.59
1974	58.34	9.40	42.10	25.64	67.83
1975	62.21	10.23	44.65	27.79	72.45
1976	64.89	11.87	45.80	30.96	76.76
1977	65.92	11.09	45.25	31.76	77.01
1978	63.50	10.54	47.17	26.87	74.05
1979	65.08	11.22	48.57	27.73	76.30
1980	68.95	11.69	50.13	30.51	80.64
1981	70.51	14.75	50.85	34.41	85.25
1982	69.82	13.62	49.74	33.70	83.45

Source: Minnesota Higher Education Coordinating Board.

TABLE I.11
FALL HEADCOUNT ENROLLMENT OF NEW ENTERING STUDENTS BY SYSTEM, 1974-1983

System	Fall 1974	Fall 1975	% Change 74-75	Fall 1976	% Change 75-76	Fall 1977	% Change 76-77	Fall 1978	% Change 77-78
AVTI	16,210	17,984	10.9	21,449	19.3	20,951	−2.3	20,294	−3.1
Community College	10,578	11,987	13.3	12,124	1.1	12,957	6.9	13,300	2.6
State University	6,064	6,675	10.1	6,945	4.0	7,428	7.0	7,561	1.8
University of Minnesota	7,938	8,801	10.9	8,791	−0.1	8,057	−8.3	8,062	0.1
Private Two-Year	553	613	10.8	609	−0.7	699	14.8	814	16.5
Private Four-Year	8,154	8,892	9.1	9,062	1.9	9,137	0.8	8,818	−3.5
TOTAL	49,497	54,952	11.0	58,980	7.3	59,229	0.4	58,849	−0.6

System	Fall 1979	% Change 78-79	Fall 1980	% Change 79-80	Fall 1981	% Change 80-81	Fall 1982	% Change 81-82	Fall 1983	% Change 82-83
AVTI	21,872	7.8	23,961	9.6	23,254	−3.0	20,880	−10.2	16,230	−22.3
Community College	13,969	5.0	15,450	10.6	15,508	0.4	14,596	−5.9	15,860	8.7
State University	7,787	3.0	8,158	4.8	8,267	1.3	7,416	−10.3	7,744	4.4
University of Minnesota	8,391	4.1	8,568	2.1	8,348	−2.6	7,997	−4.2	7,841	−2.0
Private Two-Year	724	−11.1	790	9.1	644	−18.5	863	34.0	583	−32.4
Private Four-Year	8,838	0.2	8,811	−0.3	8,837	0.3	8,187	−7.4	8,619	5.3
TOTAL	61,581	4.6	65,738	6.8	64,858	−1.3	59,939	−7.6	56,877	−5.1

SOURCE: Higher Education Coordinating Board Enrollment Surveys

9. Trends in Participation of New Entering Freshmen

The trend in participation of new entering freshmen in Minnesota postsecondary education declined in fall 1982 after increasing significantly during the preceding decade.

As displayed in Table I.10, the ratio of new entering freshmen to high school graduates increased from 66.59 percent in 1973 to 85.25 percent in 1981 before declining to 83.45 percent in 1982.[3] These trends have been similar for all systems.

Although this ratio is not an accurate reflection of overall participation rates because it compares new entering freshmen from many high school classes with high school graduation rates from only the preceding year, it does provide a useful index for comparing participation trends over time.

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[3] New entering freshman participation trends are calculated by dividing the number of fall term, new entering freshmen from a county by the number of high school graduates from the county the prior June. Even though all new entering freshmen are not recent high school graduates, the participation trends provide an indication of first-time student enrollment behavior.

TABLE I.12
FALL HEADCOUNT ENROLLMENT AND FULL YEAR EQUIVALENTS BY SYSTEM, 1974-1982[1]

	1982		1981		1980	
System	Fall Headcount	FYE Acad Yr 82-83	Fall Headcount	FYE Acad Yr 81-82	Fall Headcount	FYE Acad Yr 80-81
AVTI[2]	31,786	35,456	31,234	34,978	30,111	34,365
Community College	37,445	22,984	37,222	22,400	34,894	21,630
State University	43,270	36,903	43,032	37,242	41,496	36,101
University of Minnesota	59,290	48,075	59,219	49,675	59,090	49,579
Private Two-Year	1,689	1,352	1,601	1,450	1,638	1,544
Private Four-Year[3]	37,495	32,953	37,576	33,584	37,008	33,229
Private Professional	2,187	1,854	857	1,764	1,964	1,648
TOTAL	213,162	179,577	211,741	181,093	206,201	178,096

	1979		1978		1977	
System	Fall Headcount	FYE Acad Yr 79-80	Fall Headcount	FYE Acad Yr 78-79	Fall Headcount	FYE Acad Yr 77-78
AVTI[2]	27,596	31,717	27,291	31,010	28,333	31,401
Community College	30,346	20,109	29,324	18,440	28,136	20,269
State University	39,171	33,845	37,909	32,631	37,592	32,533
University of Minnesota	56,716	47,945	55,634	46,914	55,485	47,209
Private Two-Year	1,686	1,473	1,629	1,505	1,693	1,580
Private Four-Year[3]	35,887	32,782	35,246	31,695	35,286	34,150
Private Professional	1,935	1,664	1,997	1,696	1,958	1,704
TOTAL	193,337	169,535	189,030	163,891	188,483	168,846

	1976		1975		1974	
System	Fall Headcount	FYE Acad Yr 76-77	Fall Headcount	FYE Acad Yr 75-76	Fall Headcount	FYE Acad Yr 74-75
AVTI[2]	27,745	30,533	26,534	28,601	23,769	25,826
Community College	27,253	20,163	26,813	20,220	23,283	18,467
State University	36,573	32,760	35,127	32,699	33,188	31,187
University of Minnesota	56,138	48,570	55,114	47,911	51,834	46,491
Private Two-Year	1,605	1,565	1,536	1,483	1,547	1,531
Private Four-Year[3]	33,280	33,387	31,541	31,748	29,813	30,395
Private Professional	1,790	1,021	1,915	1,638	1,185	945
TOTAL	184,384	167,999	178,580	164,300	164,619	154,842

[1] Does not include summer sessions.

[2] AVTI figures represent Average Daily Membership (ADM) rather than Full Year Equivalent (FYE).

[3] Figures for the private professional institutions do not include William Mitchell College of Law. William Mitchell changed its method of calculating FYE, and consistent historical data are not available.

Source: Minnesota Higher Education Coordinating Board.

10. Fall Headcount Enrollment of New Entering Students

The number of new entering students in Minnesota post-secondary education institutions peaked at 65,738 in fall 1980, but declined during the subsequent three years. As shown in Table I.11, the number of new entering students decreased by 8,861, or 13.5 percent, between fall 1980 and fall 1983. New entering students are those who have not previously attended a post-secondary institution.

The number of new entering students attending AVTIs peaked at 23,961 in fall 1980 and then declined to 16,230 in fall 1983, a drop of 7,731 students, or 32 percent. The Community College System enrolled its largest number of new entering students, 15,860, in fall 1983. New entering students in the State University System peaked at 8,267 in fall 1981, declined by 10.3 percent in 1982, and then rose by 4.4 percent in fall 1983.

At the University of Minnesota the number of new entering students reached a low in fall 1983 with 7,841, which was 960 below the peak in fall 1975.

TABLE I.13
UNDERGRADUATE TRANSFERS FROM SYSTEMS TO SYSTEMS, ACADEMIC YEAR 1981-82[1]

System Transferred From	System Transferred To							
Source Systems	State University System	Community College System	AVTIs	University of Minnesota	Private Proprietary System	Private Two-Year System	Private Four-Year System	State of Minnesota
State University System	587	996	671	704	144	29	186	3,317
Community College System	1,891	995	880	1,432	201	49	454	5,902
AVTIs	367	1,010	1,163	0	168	2	49	2,759
University of Minnesota	670	1,338	789	736	237	74	363	4,207
Private Two-Year System	125	94	29	62	9	2	92	413
Private Four-Year System	397	546	259	727	94	26	294	2,343
Private Professional System	2	9	6	0	2	0	1	20
Other Minnesota Institutions	104	60	185	0	94	2	23	468
State of Minnesota	4,143	5,048	3,983	3,661	949	184	1,462	19,429
Out-of-State Subtotal	1,836	1,551	875	2,234	222	58	1,192	7,968
TOTAL	5,979	6,599	4,857	5,895	1,171	2,422	2,654	27,397

[1] Academic Year 1981-82 is the most current year for which transfer data are available.

SOURCE': Minnesota Higher Education Coordinating Board

The number of new entering students at private four-year institutions peaked at 9,137 in fall 1977, fell to 8,818 in fall 1978, and then remained stable until fall 1982. The number of new entering students declined from 8,837 in fall 1981 to 8,187 in fall 1982 but rose to 8,619 in fall 1983.

11. Fall Headcount Enrollment and Full-Year Equivalents by System

Full-year equivalent (FYE) enrollments declined by 1,516, or 1 percent, between the 1981-82 and the 1982-83 academic years. FYE fluctuated between fall 1974-75 and 1982-83, as shown in Table I.12.

FYE enrollments increased from 154,842 in 1974-75 to 168,846 in 1977-78 before declining to 163,891 in 1978-79; the totals increased the next three years to a peak of 181,093 in 1981-82.

Meanwhile, fall headcount enrollments increased each fall between 1974 and 1982—from 164,619 to 213,162.

FYE enrollments represent the most accurate measure of instructional volume at an institution. State funding to institutions is based on FYE enrollments. Headcount enrollment represents the number of students on campus, including those attending both full-time and part-time.

FYE enrollment counts result from dividing the total number of credit hours generated that year by the normal full-time credit hour load at an institution. Average daily memberships (ADM) are shown for public AVTIs. They are based on clock hours of instruction. One ADM receives 1,050 hours of instruction.

Headcount is based on the number of students on campus during the 10th day of classes at the institution.

12. Undergraduate Transfer Activity

During the 1981-82 school year, over 27,000 students transferred to a post-secondary education institution in the state. Of the total, 70.9 percent, or 19,429 students, were transfers from one Minnesota institution to another. This is consistent with the 1980-81 academic year transfers. The remaining 7,968 transfer students came from institutions outside the state.

The largest number of students, 5,902, transferred from the Community College System, as shown in Table I.13. The community colleges also received the largest number of transfers from other institutions, 6,599. The other public systems received large numbers of transfer students, ranging from 4,857 in the area vocational-technical institutes to 5,979 at the state universities. Typically, transfer students make up about 25 percent of the students entering post-secondary institutions each year. The 27,397 transfer students in 1981-82 represent a 2.6 percent increase over the 26,690 transfer students who enrolled in 1980-81.[4]

13. Total Degrees Awarded by Level

The total number of degrees awarded in Minnesota post-secondary education increased slightly between 1981 and 1983 after a small decline in fall 1980.

Between 1973 and 1983, the total

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[4] For additional information on transfer the reader should see: Minnesota Higher Education Coordinating Board, *Transfer Activity of Minnesota Undergraduate Students, Academic Year 1981-82, Basic Data Report* (August 1983).

TABLE I.14
TOTAL DEGREES AWARDED BY LEVEL, 1973-1983

	Degree					
Year	Associate	Bachelor's	Master's	Doctor's	First Professional	All Degrees
1973	4,490	20,155	2,727	557	879	28,808
1974	5,598	19,395	2,786	575	982	29,336
1975	5,141	18,466	2,943	539	1,068	28,152
1976	4,917	18,263	2,978	495	1,185	27,838
1977	5,586	18,228	3,420	522	1,214	28,970
1978	6,006	18,048	3,517	494	1,454	29,519
1979	5,712	18,901	3,331	475	1,654	30,073
1980	6,307	18,631	3,194	502	1,358	29,992
1981	6,579	19,108[1]	3,298	530	1,485[1]	31,000[1]
1982	6,960	19,798	3,545	479	1,756	32,538
1983	6,703	20,655	3,493	487	1,595	32,933

[1] Does not include Hamline University.

SOURCE: Minnesota Higher Education Coordinating Board

number of degrees increased by 4,125, or 14.3 percent—from 28,808 to 32,933.

The number of associate, master's and first professional degrees increased in 1981 and 1982 but declined slightly in 1983, as shown in Table I.14.[5] The number of baccalaureate degrees increased between 1981 and 1983 while the number of doctoral degrees declined from 530 in 1981 to 487 in 1983.

D. STUDENT CHARACTERISTICS

1. Introduction

Trend data on Minnesota high school juniors are obtained from the Minnesota Post-High School Planning Program (PSPP), a statewide career guidance, testing, information, and planning program. (See Chapter IV. B. 2) Information is provided below on trends in aptitude test scores, first choice of post-secondary institution, and planned field of study.

The aptitude test used in the program is either the Preliminary Scholastic Aptitude Test/National Merit Scholarship Qualifying Test (PSAT/NMSQT) or the School and College Abilities Test (SCAT). The student takes the aptitude test in the fall of the junior year. Both the PSAT/NMSQT and SCAT have been administered since 1973 by Minnesota high schools.

The Plans and Background Survey (PBS) is the questionnaire given in the spring of the junior year; it has remained similar in form and content since 1968. It serves as the basis for assessing trends on choice of institution and planned field of study.

The data are based on all Minnesota high school juniors who participated in the program. Approximately 50 percent of the juniors took one of the PSPP aptitude tests in 1983. The percentage of juniors answering the questionnaire ranged from 90 percent in 1972 to 67 percent in 1984.

2. Aptitude Test Scores

Aptitude test score means for juniors participating in the program increased from 1977 to 1982, as indicated in Table I.15, but dropped slightly in 1983.[6] The verbal mean score for participating Minnesota high school juniors increased 2.9 points, from 36.6 in 1977 to 39.5 in 1982. The mathematics mean score increased from 42.1 in 1977 to 44.4 in 1981 and 1982, or 2.3 points.

The total number of test-takers decreased from 58,577 in 1973 to 33,103 in 1982 but increased to 35,011 in 1983; the number of students taking the PSAT/NMSQT increased while the number taking the SCAT declined.

3. First Choice of Post-Secondary Institution

Since 1973, an increasing percentage of high school juniors responding to the Plans and Background Survey have listed the University of Minnesota and Minnesota private four-year colleges as their first choice. The percentage of students selecting the University of Minnesota as a first choice rose from 13.8 percent in 1973 to 17.2 percent in 1984. The proportion of students choosing Minnesota private colleges increased from 6.1 percent in 1973 to 11.4 percent in 1984. These trends are shown in Table I.16.

The percentage of juniors listing a state university as their first choice fluctuated between 1973 and 1984, with a low of 7.8 in 1974 and a high of 12.1 in 1984.

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[5] First professional degrees include dentistry, medicine, optometry, pharmacy, osteopathic medicine, podiatry, veterinary medicine, chiropractic medicine, law, theology and other fields.

[6] The Minnesota test score resulted from the student taking either the PSAT/NMSQT or the SCAT. The tests measure verbal ability and mathematics ability with a score range of 20 to 80.

TABLE I.15
MINNESOTA TEST SCORE MEANS AND STANDARD DEVIATIONS FOR MINNESOTA HIGH SCHOOL JUNIORS, 1973-1983

Score	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84
Verbal Score											
Mean	37.0	37.3	37.3	37.0	36.6	37.2	37.4	38.4	39.4	39.5	39.3
Standard Deviation	10.9	10.7	11.2	10.5	10.7	10.6	10.6	10.6	10.5	10.5	10.3
Number	58,587	52,060	48,406	47,849	43,871	41,820	40,838	36,321	34,546	33,108	35,014
Mathematics Score											
Mean	41.9	42.4	42.6	42.3	42.1	42.8	43.5	44.2	44.4	44.4	44.3
Standard Deviation	11.8	11.6	11.8	11.7	11.3	11.7	11.7	11.7	11.5	11.6	11.6
Number	58,577	52,043	48,395	47,764	43,869	41,816	40,805	36,315	34,523	33,103	35,011

SOURCE: Minnesota Higher Education Coordinating Board—Post-High School Planning Program

TABLE I.16
MINNESOTA HIGH SCHOOL JUNIORS FIRST CHOICE POST-SECONDARY INSTITUTION, 1971-1984

System	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
University of Minnesota	17.5%	16.6%	13.8%	14.0%	14.2%	15.0%	15.0%	15.6%	15.4%	15.4%	16.4%	16.4%	16.9%	17.2%
Private College	6.4	6.3	6.1	6.2	7.8	8.1	8.8	9.0	8.9	9.8	9.7	10.0	10.1	11.4
State University	10.5	9.4	9.2	7.8	8.3	10.4	8.9	9.7	9.8	10.6	11.1	10.6	11.4	12.1
Community College	8.7	5.9	7.6	6.6	6.2	6.9	7.2	7.3	6.9	6.6	7.4	7.6	7.8	7.4
Area Vocational-Technical Institute	25.1	23.6	27.0	28.6	25.1	28.8	28.9	28.1	27.0	25.8	24.4	24.6	23.5	20.8
Other Minnesota School	6.1	6.4	5.7	2.9	2.8	3.9	3.6	3.5	3.8	3.6	3.1	4.6	4.9	5.0
Non-Minnesota School	7.4	6.8	7.7	8.3	6.7	8.4	7.9	8.9	9.8	9.9	9.7	10.7	10.8	12.7

SOURCE: Minnesota Higher Education Coordinating Board, Post-High School Planning Program

The community college first choice percentage ranged from a low of 5.9 in 1972 to a high of 7.8 in 1983 and then dropped to 7.4 in 1984.

The area vocational-technical institutes declined as a first-choice post-secondary school, from 28.9 percent in 1977 to 20.8 percent in 1984.

The percentage of high school juniors choosing a non-Minnesota post-secondary institution increased from 7.9 percent in 1977 to 12.7 percent in 1984.

The relative order of first-choice Minnesota post-secondary institutions has remained constant since 1975—AVTIs, University of Minnesota, state universities, private colleges, and community colleges.

4. Planned Field of Study

Increasing percentages of students responding to the survey between 1975 and 1984 indicated plans to major in business, engineering, and computer science. Interest in health, agriculture, and education declined during the period, as displayed in Table I.17.

The highest percentage of high school juniors, 17.3 percent, were interested in majoring in business in 1984. This compared to 7.0 percent in 1971.

Computer science had the greatest trend increase, with 1.3 percent of the students interested in 1974 and 6.3 in 1983. Interest in computer science surpassed interest in engineering for the first time in 1982 and in 1983. In 1984, however, 6.2 percent expressed an interest in engineering compared to 5.2 percent for computer science.

The fields of study in health decreased in student interest from a high of 12.9 percent in 1975 to 10.1 percent in 1981. The trend was ended in 1982 with an increase to 11.5 percent and 11.9 in 1983 but dropped to 11.2 in 1984.

Interest in education declined over the 10-year period from 5.8 percent of the respondents in 1972 to 2.9 percent in 1983 but rose to 3.4 in 1984.

Interest in agriculture fluctuated with 2.8 percent of respondents expressing an interest in 1971, 8.6 percent in 1976, and 4.1 percent in 1984.

E. ENROLLMENT PROJECTIONS

Introduction: Current and projected enrollment trends by system, institution, level of instruction, and region form a primary basis for post-secondary educational planning and decisionmaking. The number and location of students seeking post-secondary educational services largely determine the need for institutions, programs, and related services. Enrollment analysis assists the governor and legislature in making

TABLE I.17
MINNESOTA HIGH SCHOOL JUNIORS PLANNED FIELD OF STUDY, 1971-1984

Field of Study	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
Agriculture	2.8%	3.9%	4.6%	7.3%	8.1%	8.6%	8.5%	8.1%	7.4%	5.7%	5.5%	5.0%	4.8%	4.1%
Architecture	—	—	—	2.4	2.3	2.4	2.5	2.8	2.8	2.6	2.3	2.1	2.1	2.2
Art	3.4	4.7	4.3	3.6	3.8	4.0	3.8	4.2	4.0	3.5	3.2	2.9	2.9	2.9
Athletics	—	—	—	2.9	3.0	2.9	2.8	2.7	2.6	2.2	2.2	1.9	1.9	1.8
Biological Science	1.3	1.6	1.7	1.6	1.2	1.3	1.3	1.3	1.2	1.2	1.3	1.2	1.3	1.4
Business	7.0	10.2	10.8	12.9	12.7	13.2	13.9	15.0	15.2	14.3	15.5	15.4	16.0	17.3
Communications	—	—	—	1.8	2.2	2.0	2.2	2.3	2.3	2.5	2.5	2.8	2.9	3.2
Computer Science	—	—	—	1.3	1.3	1.2	1.5	1.8	2.2	2.7	3.8	5.0	6.3	5.2
Home Ec/Consumer Serv.	3.7	3.7	3.3	2.6	5.3	5.5	5.6	6.1	5.9	5.0	4.7	4.7	5.2	5.0
Construction Mechanics	2.3	3.7	4.0	3.5	3.7	3.8	4.2	4.7	4.9	3.6	3.1	2.6	2.2	2.1
Education	5.5	5.8	5.2	3.8	4.0	4.1	3.6	3.4	3.0	3.3	3.3	3.0	2.9	3.4
Engineering	3.0	3.2	3.2	3.0	3.2	3.1	3.5	3.8	4.4	5.0	5.7	5.8	5.8	6.2
Foreign Language	—	—	—	.4	.4	.4	.3	.4	.3	.3	.4	.4	.4	.5
Health	9.5	10.4	11.3	12.3	12.9	12.5	11.5	11.1	10.9	10.2	10.1	11.5	11.9	11.2
Humanities	.9	.8	.8	.7	.8	.8	.7	.7	.6	.7	.7	.7	.6	.7
Math/Science	2.6	2.2	2.0	1.6	1.6	1.6	1.7	1.6	1.5	1.7	1.6	1.7	1.8	2.0
Mechanics	6.5	6.9	6.6	6.5	6.6	7.6	7.5	7.3	7.2	6.3	6.5	6.6	6.2	5.8
Music	—	—	—	1.9	2.1	2.0	2.0	2.2	2.2	1.9	1.8	1.7	1.7	1.7
Public Service	—	—	—	5.0	4.7	4.6	4.6	4.0	3.6	2.9	3.2	3.4	3.7	4.0
Religion	.5	.6	.6	.7	.5	.5	.4	.3	.3	.3	.3	.3	.3	.3
Social Science	5.9	5.5	5.5	3.0	3.2	3.4	3.5	3.4	3.5	3.9	3.7	4.1	4.3	5.2
Transportation	—	—	—	1.4	2.1	2.3	2.2	2.3	2.7	2.1	2.0	1.9	1.8	1.9
Not Listed	6.3	6.6	7.0	2.8	5.8	5.7	5.3	5.1	4.8	3.2	2.7	2.8	2.7	2.7
No Response	24.0	14.0	13.9	5.0	8.3	6.8	6.8	5.4	6.4	14.8	14.0	11.7	10.5	9.1

SOURCE: Minnesota Higher Education Coordinating Board, Post-High School Planning Program.

decisions for public post-secondary education in Minnesota.

The projections presented here are full-year equivalent (FYE) enrollments for the public collegiate systems and average daily membership (ADM) enrollments for the area vocational-technical institutes.[7] In addition to projecting FYE or ADM enrollments, the Coordinating Board staff also can prepare headcount projections for each public institution as well as projections of enrollments by region. The Board does not prepare enrollment projections for private institutions.

The model used to project institutional enrollments is based on known and projected demographic conditions and recent enrollment patterns in elementary, secondary, and post-secondary schools. The projections are updated each year by incorporating into the model enrollment patterns from the most recently completed academic year. The primary elements of the projection model are: live births in Minnesota, elementary and secondary school enrollments, high school graduates, new entering freshmen, full-time enrollments by collegiate level, enrollments of part-time or older students at collegiate institutions, and headcount enrollments by age at area vocational-technical institutes. A more detailed explanation of the model appears in the Board's most recent report on enrollment projections.[8] This document also contains projections for each public post-secondary institution in Minnesota.

The projections presented in this report are based on recent enrollment patterns. They assume that there will be no change in enrollment patterns or in conditions that affect enrollments. To the extent that change does occur, actual enrollments will differ from projected enrollments.

Many factors can affect enrollments. Some factors are local in nature, such as the variety of instructional programs, recruitment and retention of students, and the quality of institutional leadership. Some factors result from state-level action, such as tuition levels and availability of financial aid. Other factors are national in scope, such as economic conditions, structure of the labor force, and establishment of a military draft. Developments in these or other areas can cause fluctuations in

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[7] FYE enrollments are derived by dividing the total number of earned quarter credit hours by 45. An ADM is the equivalent of 1,050 clock hours of instruction or six hours of instruction for 175 days per student. The FYE figures do not include summer session, state university off-campus graduate, or University of Minnesota extension enrollments.

[8] Minnesota Higher Education Coordinating Board, *Minnesota Public Post-Secondary Education Enrollment Projections, 1983-84—2002-03,* Staff Technical Paper (January 1984).

TABLE I.18
PROJECTED HIGH SCHOOL GRADUATES BY PLANNING REGION THROUGH 1997

Planning Region	1982[1]	1985	1988	1991	1994	1997
1	1,735	1,475	1,469	1,219	1,270	1,397
2	1,064	935	1,025	1,238	1,349	1,588
3	5,486	4,332	4,338	3,762	3,929	4,390
4	3,262	2,591	2,594	2,168	2,284	2,751
5	2,263	1,943	1,939	1,695	1,853	2,122
6	3,116	2,568	2,558	2,225	2,477	2,712
7	6,000	5,255	5,539	4,669	5,135	6,185
8	2,467	2,024	1,907	1,631	1,733	1,886
9	3,695	3,038	2,810	2,379	2,511	2,970
10	6,826	5,709	5,631	4,785	4,922	5,572
11	30,515	27,094	28,791	22,873	22,665	25,338
STATE	66,429	56,965	58,602	48,673	50,127	56,910

[1] Actual high school graduates.

SOURCE: Minnesota Higher Education Coordinating Board; Minnesota State Department of Education.

enrollments at individual institutions, in entire systems, and throughout public post-secondary education.

Trends in High School Graduates and the Traditional College-Age Population: Minnesota experienced a decrease of over 40 percent in annual live births between 1959, when more than 88,390 babies were born, and 1973, when 53,783 were born. Starting in 1974, however, the number of live births began to climb, reaching 68,651 in 1981. Live births largely determine elementary and secondary school enrollments and, thus, the number of high school graduates 18 years later. The dramatic decline in live births during the 1960s and early 1970s will result in a similar decrease in the traditional college-age population during the 1980s and early 1990s.

Through the 1980s and early 1990s, the number of high school graduates in Minnesota is projected to decrease, as shown in Table I.18.[9] Actual high school graduates in Minnesota in spring 1982 totaled 66,429. By the low point in 1992, high school graduates are projected to drop to 48,268, a decline of about 27 percent. After 1992, the number of high school graduates is projected to increase. The numbers of high school graduates in the early 2000s are projected to reach the level of the early 1980s. The number of high school graduates in Minnesota peaked at 72,520 in 1978.

The projected number of high school graduates varies by planning region. For example, Planning Region 9, located in south central Minnesota, is projected to experience a drop of high school graduates of almost 36 percent between 1982 and 1991. In contrast, Planning Region 2, located in north central Minnesota, is projected to experience a decline of 12 percent by the mid-1980s and then increase beyond 1982 levels by the end of the century.

Most public post-secondary institutions in Minnesota largely serve residents of their localities and regions. As a consequence, the impact of declining numbers of high school graduates will differ around the state. Institutions located in areas of relative stability or growth likely will experience stable or growing enrollments. Conversely, institutions located in areas of the state with severe school enrollment decreases likely will experience severe enrollment declines, even with significant enrollments of older students.

Projected Enrollments, All Public Systems: Combined full-year equivalent and average daily membership enrollments in the four public systems of post-secondary education are projected to decline steadily through the mid-1980s. Following a period of stability in the late 1980s, enrollments are projected to drop sharply in the early 1990s. By 1994-95, enrollments are projected to be 17 percent lower than 1982-83 levels, as shown in Table I.19 and Figure I.2. According to these projections, enrollments in the public systems will fall from approximately 145,000 in 1982-83 to a low point of under 121,000 in 1994-95. An increase in enrollments then is projected to occur into the early 2000s.

Projected Enrollments, Public Collegiate Systems: Projected enrollments in the public collegiate systems appear in Table I.19 and Figure I.2. From 109,591 FYE in 1982-83, collegiate enrollments are projected to decline through the mid-1980s, remain stable in the late 1980s, and then decline sharply by the mid-1990s to 90,000. At that point, the projected decline is 18 percent below the 1982-83 level. Individual institutions will vary from this overall pattern with some institutions experiencing increases and others losing enrollments immediately.

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[9] Starting in 1999, projected graduates are based on projections of live births for the early 1980s from the State Demographer's Office.

FIGURE I.1
MINNESOTA PLANNING REGIONS

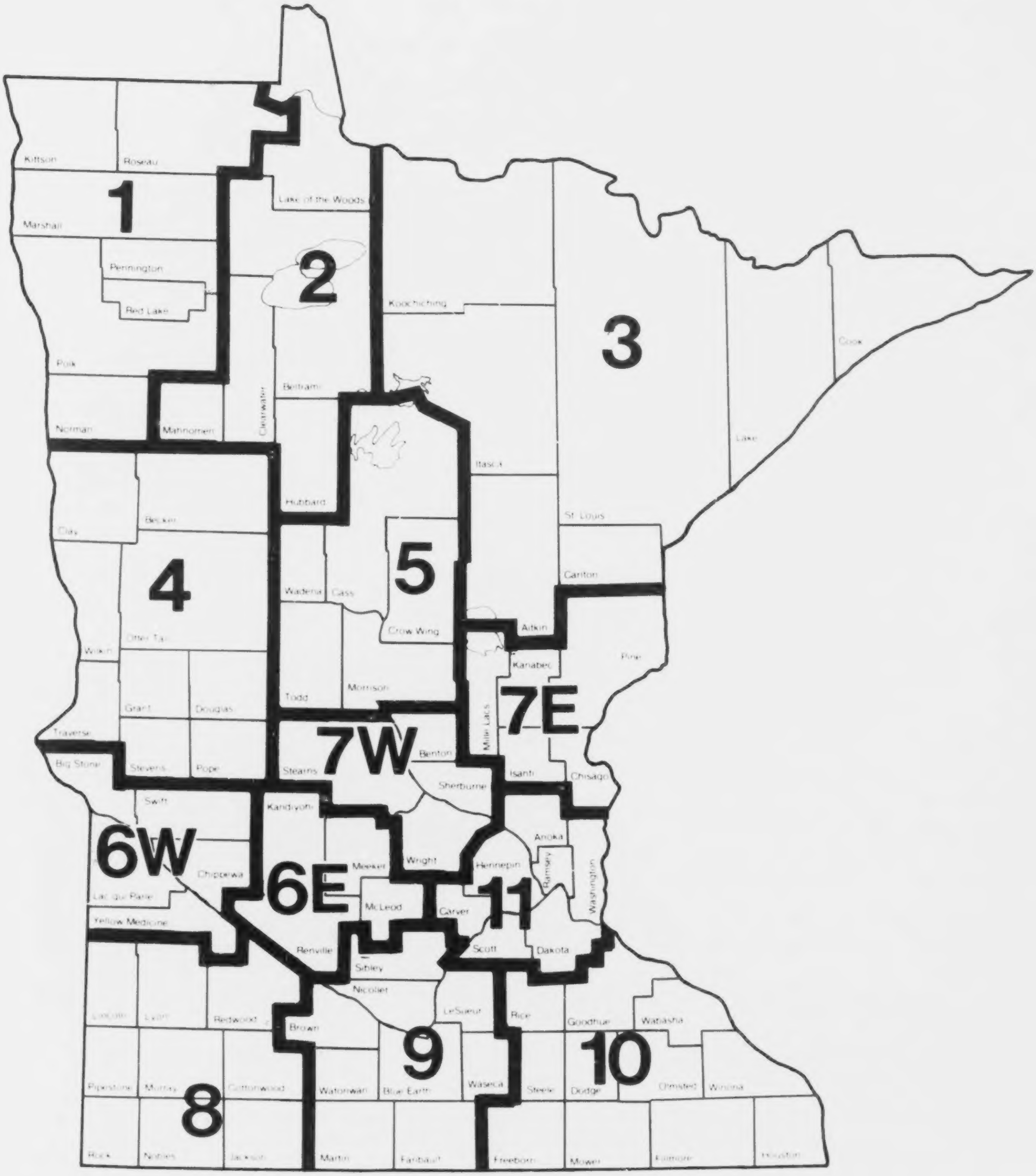

1
2
3
4
5
6W
6E
7W
7E
8
9
10
11
Kittson
Roseau
Lake of the Woods
Marshall
Pennington
Red Lake
Koochiching
Cook
Polk
Beltrami
Clearwater
Norman
Mahnomen
Lake
Itasca
Hubbard
Clay
Becker
St. Louis
Wadena
Cass
Carlton
Crow Wing
Aitkin
Wilkin
Otter Tail
Pine
Kanabec
Todd
Morrison
Grant
Douglas
Mille Lacs
Traverse
Benton
Big Stone
Stevens
Pope
Stearns
Isanti
Chisago
Sherburne
Swift
Kandiyohi
Anoka
Meeker
Wright
Hennepin
Ramsey
Washington
Chippewa
Lac qui Parle
McLeod
Carver
Yellow Medicine
Renville
Scott
Dakota
Sibley
Nicollet
Lincoln
Lyon
Redwood
LeSueur
Rice
Goodhue
Wabasha
Brown
Pipestone
Murray
Cottonwood
Watonwan
Blue Earth
Waseca
Steele
Dodge
Olmsted
Winona
Rock
Nobles
Jackson
Martin
Faribault
Freeborn
Mower
Fillmore
Houston

TABLE I.19
FULL YEAR EQUIVALENT ENROLLMENT PROJECTIONS
ALL MINNESOTA PUBLIC POST-SECONDARY SYSTEMS
1983-84—2002-03[1]

	Area Vocational-Technical Institutes			Public Collegiate Systems			All Public Systems		
Year	Enrollment[2]	% of 1982-83	Annual % Change	Enrollment[3]	% of 1982-83	Annual % Change	Enrollment	% of 1982-83	Annual % Change
1982-83[4]	35,455	100.00%	—	109,591	100.00%	–	145,046	100.00%	—
1983-84	35,869	101.17	1.17%	108,230	98.76	(1.24)%	144,099	99.35	(.65)%
1984-85	34,910	98.46	(2.67)	105,430	96.20	(2.59)	140,340	96.76	(2.61)
1985-86	34,428	97.10	(1.38)	102,670	93.68	(2.62)	137,098	94.52	(2.31)
1986-87	34,039	96.01	(1.13)	100,670	91.86	(1.95)	134,709	92.87	(1.74)
1987-88	33,893	95.59	(.43)	99,980	91.23	(.69)	133,873	92.30	(.62)
1988-89	33,954	95.77	.18	100,410	91.62	.43	134,364	92.64	.37
1989-90	33,701	95.05	(.75)	100.300	91.52	(.11)	134,001	92.39	(.27)
1990-91	32,680	92.17	(3.03)	98,380	89.77	(1.91)	131,060	90.36	(2.19)
1991-92	31,418	88.61	(3.86)	95,500	87.14	(2.93)	126,918	87.50	(3.16)
1992-93	30,753	86.74	(2.12)	92,930	84.80	(2.69)	123,683	85.27	(2.55)
1993-94	30,751	86.73	(.01)	91,170	83.19	(1.89)	121,921	84.06	(1.42)
1994-95	30,802	86.88	.17	90,010	82.13	(1.27)	120,813	83.29	(.91)
1995-96	30,979	87.38	.57	90,680	82.74	.74	121,659	83.88	.70
1996-97	31,419	88.62	1.42	91,940	83.89	1.39	123,359	85.05	1.40
1997-98	31,910	90.00	1.56	93,941	85.72	2.18	125,851	86.77	2.02
1998-99	32,406	91.40	1.55	95,410	87.06	1.56	127,816	88.12	1.56
1999-00	32,688	92.20	.87	97,100	88.60	1.77	129,788	89.48	1.54
2000-01	32,563	91.84	(.38)	97,800	89.24	.72	130,453	89.94	.51
2001-02	32,385	91.34	(.55)	98,200	89.61	.41	130 585	90.03	.10
2002-03	32,429	91.47	(.14)	98,350	89.74	.15	130,779	90.16	.15

[1] Mid-point projections.

[2] Average daily membership (ADM).

[3] Rounded to nearest ten.

[4] Actual enrollments.

SOURCE: Minnesota Higher Education Coordinating Board.

Area Vocational-Technical Institutes: Through the 1980s, enrollments in the area vocational-technical institutes are projected to remain stable or decline slightly from 35,455 in 1982-83, as shown in Table I.19 and Figure I.3. AVTI enrollments then are projected to decline in the early 1990s to under 31,000 ADM, a decrease of about 13 percent from the initial level. Afterwards the projections indicate a slight increase.

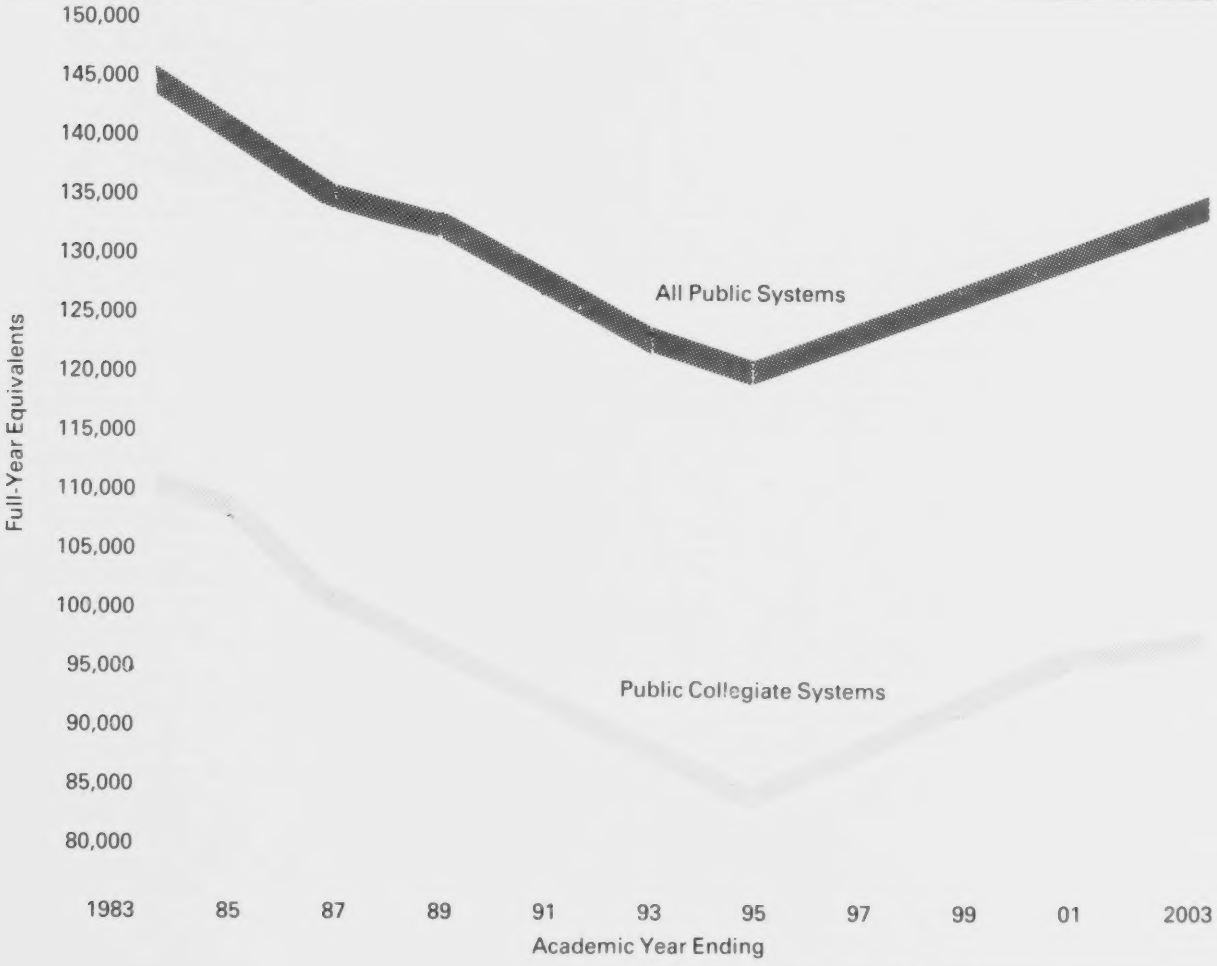
Community College System: The enrollment decrease projected for the Community College System is the smallest among the public post-secondary systems in Minnesota. As Table I.20 and Figure I.3 show, total FYE enrollments in the community colleges are projected to remain fairly stable, around 23,000 FYE, through the 1980s. During the early 1990s, enrollments are projected to decrease 10 percent from 1982-83 to about 21,400 FYE and to fluctuate slightly thereafter. These projections do not take summer session enrollment into account.

State University System: Enrollments in the State University System are projected to undergo decline significantly during the mid-1980s, stabilize in the late 1980s, then decline further in the early 1990s. The projected course of State University System enrollments appears in Table I. 20 and Figure I.3. By 1994-95, total FYE enrollments in the state universities are projected to be 30,900, or 18 percent below 1982-83 FYE enrollments of 37,775. Following this, enrollments are projected to increase into the early 2000s. These projections include Metropolitan State University, but do not take into account summer session enrollments or off-campus graduate enrollments.

University of Minnesota: The enrollment decrease projected for the University of Minnesota is the greatest among the public post-secondary systems in Minnesota. As shown in Table I.20 and Figure I.3, FYE enrollments are projected to decline significantly during the mid-1980s, to stabilize during the late 1980s, and decline significantly again during the early 1990s. By 1995-96, total FYE enrollments in the University of Minnesota are projected to be close to 37,600, or nearly 22 percent below 1982-83 enrollments of 48,075. Enrollments then are projected to rise during the late 1990s and early 2000s. These projections do not take into account summer session or extension enrollments.

FIGURE I.2

PROJECTED FULL-YEAR EQUIVALENT AND AVERAGE DAILY MEMBERSHIP ENROLLMENTS, ALL MINNESOTA PUBLIC POST-SECONDARY SYSTEMS AND MINNESOTA PUBLIC COLLEGIATE SYSTEMS, 1983-84—2002-03



SOURCE: Minnesota Higher Education Coordinating Board.

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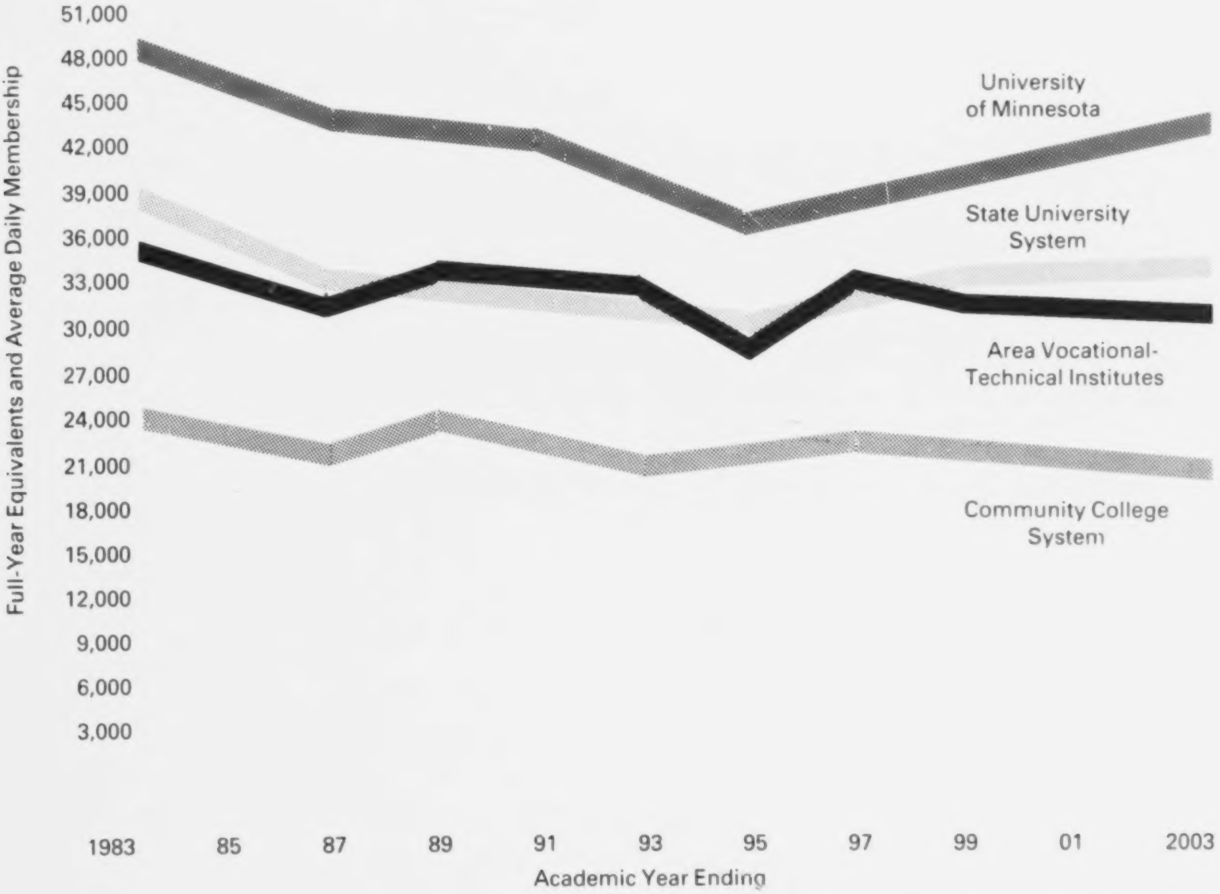
FIGURE I.3

PROJECTED FULL-YEAR EQUIVALENT AND AVERAGE DAILY MEMBERSHIP ENROLLMENT BY SYSTEM, 1983-84—2002-03



SOURCE: Minnesota Higher Education Coordinating Board.

TABLE I.20
FULL YEAR EQUIVALENT ENROLLMENT PROJECTIONS, MINNESOTA PUBLIC COLLEGIATE SYSTEMS
1983-84—2002-03[1]

	Community Colleges			State Universities[2]			University of Minnesota		
Year	Enrollment[2]	% of 1982-83	Annual % Change	Enrollment[3]	% of 1982-83	Annual % Change	Enrollment	% of 1982-83	Annual % Change
1982-83[3]	23,741	100.00%	—	37,775	100.00%	–	48,075	100.00%	—
1983-84	23,270	98.02	(1.98)%	37,275	98.68	(1.32)%	47,686	99.19	(.81)%
1984-85	22,914	96.52	(1.53)	36,193	95.81	(2.90)	46,328	96.37	(2.85)
1985-86	22,830	96.16	(.37)	34,834	92.21	(3.75)	45,010	93.62	(2.84)
1986-87	22,793	96.01	(.16)	34,079	90.22	(2.17)	43,803	91.11	(2.68)
1987-88	23,078	97.21	1.25	33,747	89.34	(.97)	43,154	89.76	(1.48)
1988-89	23,409	98.60	1.43	33,830	89.56	.25	43,172	89.80	.04
1989-90	23,334	98.29	(.32)	33,828	89.55	(.01)	43,136	89.73	(.08)
1990-91	22,631	95.32	(3.01)	33,248	88.02	(1.71)	42,504	88.41	(1.47)
1991-92	21,804	91.84	(3.65)	32,258	85.40	(2.98)	41,439	86.20	(2.51)
1992-93	21,446	90.33	(1.64)	31,430	83.20	(2.57)	40,054	83.82	(3.34)
1993-94	21,486	90.50	.19	31,030	82.14	(1.27)	38,655	80.41	(3.49)
1994-95	21,412	90.19	(.34)	30,916	81.84	(.37)	37,683	78.38	(2.51)
1995-96	21,537	90.72	.58	31,492	83.37	1.86	37,647	78.31	(.10)
1996-97	21,598	90.97	.28	32,233	85.33	2.35	38,110	79.27	1.23
1997-98	21,731	91.53	.62	33,024	87.42	2.45	38,655	80.41	1.43
1998-99	21,895	92.22	.75	33,994	89.99	2.94	39,522	82.21	2.24
1999-00	21,908	92.28	.06	34,688	91.83	2.04	40,506	84.26	2.49
2000-01	21,614	91.04	(1.34)	34,990	92.63	.87	41,195	85.69	1.70
2001-02	21,331	89.85	(1.31)	35,138	93.02	.42	41,729	86.80	1.30
2002-03	21,133	89.01	(.93)	35,179	93.13	.12	42,041	87.45	.75

[1] Mid-point projections.

[2] Includes Metropolitan State University.

[3] Actual enrollments.

SOURCE: Minnesota Higher Education Coordinating Board.

F. MINNESOTA INVESTMENT IN POST-SECONDARY EDUCATION

1. Introduction

This section provides an overview of the investment in Minnesota post-secondary education. It first examines expenditures and revenues for the public post-secondary systems from Fiscal Year 1978 through 1985. Second, it provides required tuition and fee charges in current and constant dollars for students attending public and private institutions. Third, it summarizes the state's investment in financial aid. Fourth, the section describes the state investment in post-secondary education by various functions. Fifth, it shows faculty salaries in the public post-secondary systems.

2. Expenditures and Revenues for the Public Post-Secondary Education Systems

Trends in expenditures and revenues in the four public post-secondary education systems are described in this section. Table 21 displays general fund expenditures, state appropriations, general fund instructional expenditures and tuition revenue in thousands of dollars for the public systems.

General fund expenditures in the AVTIs increased from $98,663.9 in 1978 to $168,574.3 in 1985, or 70.86 percent, the smallest percentage increase among the four systems. Community College System general fund expenditures went from $41,091.9 to $84,762.8 during the same period. The Community College System increase of 106.28 percent was the largest among the four systems. The 85.60 percent increase in the State University System took that system from $89,508.2 in 1978 to $166,128.1 in 1985. University of Minnesota general fund expenditures increased from $253,075.0 in 1978 to $446,981.3 in 1985, or 76.62 percent. Total general fund expenditures in the four systems increased by 79.63 percent from $482,339.0 in 1978 to $866,446.5 in 1985.

Total state appropriations to the AVTIs increased from $90,406.4 in 1978 to $124,216.9 in 1985. This was an increase of 37.40 percent, significantly smaller than the increase in other systems. This small increase in state appropriations was due in part to the imposition of tuition charges on post-secondary AVTI students under the age of 21 which occurred in 1979. The tuition revenue displaced state appropriations.

TABLE I. 21
TOTAL GENERAL FUND EXPENDITURES, STATE APPROPRIATIONS, GENERAL FUND INSTRUCTIONAL EXPENDITURES AND TUITION REVENUE FOR MINNESOTA PUBLIC POST-SECONDARY EDUCATION SYSTEMS
FISCAL YEARS 1978-1985, DOLLARS IN THOUSANDS

	FY 1978 Actual	FY 1979 Actual	FY 1980 Actual	FY 1981 Actual	FY 1982 Actual	FY 1983 Actual	FY 1984 Actual	FY 1985 Estimate
TOTAL GENERAL FUND EXPENDITURES[1]								
Area Vocational-Technical Institutes[2]	$ 98,663.9	$109,148.7	$125,617.3	$136,356.1	$154,335.2	$162,979.0	$164,834.0	$168,574.3
Community College System[3]	41,091.9	44,470.0	49,986.6	53,680.6	62,431.2	66,729.7	75,958.5	84,762.8
State University System	89,508.2	96,670.8	105,141.8	109,239.5	124,169.5	134,111.1	151,027.5	166,128.1
University of Minnesota	253,075.0	270,714.6	294,905.1	326,955.6	357,379.0	371,859.2	407,921.9	446,981.3
TOTAL	$482,339.0	$521,004.1	$575,650.8	$626,231.8	$698,314.9	$735,679.0	$799,741.9	$866,446.5
TOTAL STATE APPROPRIATIONS								
Area Vocational-Technical Institutes	$ 90,406.4	$ 98,148.1	$106,737.0	$115,688.5	$131,647.0	$122,698.9	$122,808.5	$124,216.9
Community College System[3]	30,650.2	33,096.6	37,046.8	37,512.8	43,965.0	43,862.0	48,652.7	57,085.4
State University System	70,502.3	75,581.0	80,781.5	81,744.9	91,865.1	95,020.4	101,199.4	110,923.5
University of Minnesota	187,471.1	200,536.8	222,257.3	220,583.0	253,834.4	255,792.6	282,019.3	317,273.2
TOTAL APPROPRIATIONS	$379,030.0	$407,362.5	$446,822.6	$455,529.2	$521,311.5	$517,373.9	$554,679.9	$609,499.0
GENERAL FUND TOTAL INSTRUCTIONAL EXPENDITURES[4]								
Area Vocational-Technical Institutes	$ 90,978.8	$101,274.6	$117,686.7	$128,339.1	$146,210.5	$154,901.1	$157,100.5	$161,028.0
Community College System	37,968.9	41,090.3	46,187.6	49,600.9	57,686.4	59,046.9	67,299.9	74,760.3
State University System	82,789.7	89,355.3	97,133.6	98,563.1	113,640.7	124,314.4	139,914.6	154,536.7
University of Minnesota	171,210.8	183,384.5	NA	216,609.4	NA	242,146.4	268,155.4	301,087.9
TOTAL	$382,948.2	$415,104.7	NA	$493,112.5	NA	$580,408.8	$632,470.3	$691,432.9
TUITION REVENUE								
Area Vocational-Technical Institutes	$ 8,257.5	$ 11,000.6	$ 18,880.3	$ 20,667.6	$ 22,688.2	$ 26,736.5	$ 33,336.8	$ 41,000.0
Community College System[3]	8,795.4	9,714.1	11,067.2	13,411.5	15,961.3	19,693.9	23,765.4	24,147.6
State University System	19,142.1	19,889.4	21,834.0	23,786.4	28,248.6	35,389.6	45,471.9	51,095.6
University of Minnesota	48,757.3	52,159.3	57,582.6	67,068.3	74,289.9	83,392.0	91,185.7	102,907.3
TOTAL	$ 84,952.3	$ 92,763.4	$109,364.1	$124,933.8	$141,188.0	$165,212.0	$193,759.8	$219,150.5

NA—Not Available

[1] Expended through the State General Fund

[2] Excludes Local Levy

[3] Excludes Activity Fee

[4] Based on Definitions in the *Average Cost Funding Task Force Report.* Minnesota Finance Department, May 1984

Source Minnesota Department of Finance

Community College System state appropriations increased by the largest percentage, 86.25, from $30,650.2 to $57,085.4. Between 1978 and 1985, State University System state appropriations rose from $70,502.3 to $110,923.5, or 57.33 percent. The increase in University of Minnesota state appropriations from $187,471.1 to $317,273.2 was a 69.23 percent increase.

State appropriations for all four systems rose from $379,030.2 in 1978 to $609,499.0 in 1985, a 60.80 percent increase. State appropriations as a percent of post-secondary general fund expenditures declined from 78.58 percent in 1978 to 70.34 percent in 1985. This decline reflects the increased reliance on tuition revenue in all four systems.

General fund instructional expenditures are the direct (eg. departmental) expenditures and the support (eg. physical plant, libraries) expenditures attributable to instruction which are expended through the general fund. The average cost funding policy and the cost related tuition policy relate to this pool of system expenditures.

AVTI general fund instructional expenditures increased by 77.00 percent to $161,028.0 in 1985. A 96.95 percent increase in instructional expenditures in the Community College System resulted in a 1985 spending figure of $74,780.3. In 1985 State University System instructional expenditures were $154,536.7, 86.66 percent above the 1978 level. University of Minnesota general fund instructional expenditures rose to $301,087.9, a 75.86 percent in-

TABLE I. 22
TUITION REVENUE AS A PERCENT OF GENERAL FUND INSTRUCTIONAL/EXPENDITURES, FULL-YEAR EQUIVALENT AND AVERAGE DAILY MEMBERSHIP ENROLLMENTS, AND TOTAL GENERAL FUND INSTRUCTIONAL EXPENDITURES PER FYE OR ADM IN CURRENT AND CONSTANT DOLLARS FOR MINNESOTA PUBLIC POST-SECONDARY EDUCATION SYSTEMS, FISCAL YEARS 1978-1985

	FY 1978 Actual	FY 1979 Actual	FY 1980 Actual	FY 1981 Actual	FY 1982 Actual	FY 1983 Actual	FY 1984 Actual	FY 1985 Estimate
TUITION REVENUE AS A PERCENT OF GENERAL FUND INSTRUCTIONAL EXPENDITURES								
Area Vocational-Technical Institutes	9.08%	10.86%	16.04%	16.10%	15.52%	17.26%	21.22%	25.46%
Community College System	23.16%	23.64%	23.96%	27.04%	27.67%	33.35%	35.31%	32.29%
State University System	23.12%	22.26%	22.48%	24.13%	24.86%	28.47%	32.50%	33.06%
University of Minnesota	28.48%	28.44%	NA	30.96%	NA	34.52%	34.00%	34.18%
FULL YEAR EQUIVALENT/AVERAGE DAILY MEMBERSHIP ENROLLMENTS[1]								
Area Vocational-Technical Institutes	35,445	35,685	36,771	40,549	40,373	41,359	41,442	40,184
Community College System	20,267	19,650	21,456	23,295	24,880	24,624	24,439	23,430
State University System	38,518	38,384	39,442	41,975	43,104	42,102	41,813	41,323
University of Minnesota	57,818	58,057	59,053	61,046	61,628	58,916	57,049	55,850
TOTAL	152,048	151,776	156,722	166,865	169,985	167,001	164,743	160,787
TOTAL GENERAL FUND INSTRUCTIONAL EXPENDITURES PER FYE OR ADM								
Area Vocational-Technical Institutes	$2,567	$2,838	$3,201	$3,165	$3,621	$3,745	$3,791	$4,007
Percent Change from FY 1978	0.0%	10.6%	24.7%	23.3%	41.1%	45.9%	47.7%	56.1%
Community College System	$1,873	$2,091	$2,153	$2,129	$2,319	$2,398	$2,754	$3,192
Percent Change from FY 1978	0.0%	11.6%	14.9%	13.7%	23.8%	28.0%	47.0%	70.4%
State University System	$2,149	$2,328	$2,463	$2,348	$2,636	$2,953	$3,346	$3,740
Percent Change from FY 1978	0.0%	8.3%	14.6%	9.2%	22.7%	37.4%	55.7%	74.0%
University of Minnesota	$2,961	$3,159	NA	$3,548	NA	$4,110	$4,700	$5,391
Percent Change from FY 1978	0,0%	6.7%	NA	19.8%	NA	38.8%	58.7%	82.1%
TOTAL GENERAL FUND INSTRUCTIONAL EXPENDITURES PER FYE OR ADM IN CONSTANT DOLLARS[2]								
Area Vocational-Technical Institutes	$3,937	$4,037	$4,146	$3,702	$3,853	$3,745	$3,597	$3,620
Percent Change from FY 1978	0.0%	2.5%	5.3%	−6.0%	−2.1%	−4.9%	−8.6%	−8.0%
Community College System	$2,873	$2,975	$2,788	$2,490	$2,467	$2,398	$2,613	$2,883
Percent Change from FY 1978	0.0%	3.5%	−3.0%	−13.3%	−14.2%	−16.5%	−9.1%	0.3%
State University System	$3,297	$3,311	$3,190	$2,746	$2,805	$2,953	$3,175	$3,378
Percent Change from FY 1978	0.0%	0.4%	−3.2%	−16.7%	−14.9%	−10.4%	−3.7%	2.5%
University of Minnesota	$4,542	$4,493	NA	$4,150	NA	$4,110	$4,460	$4,870
Percent Change from FY 1978	0.0%	−1.1%	NA	−8.6%	NA	−9.5%	−1.8%	7.2%

NA—Not Available

[1] Based on Definitions in the *Average Cost Funding Task Force Report*, Minnesota Finance Department, May 1984. AVTI enrollments include adult vocational enrollments; collegiate enrollments include all summer session and extension enrollments.

[2] Higher Education Price Index Used as Deflator FY 1983 = 100.0

Source: Minnesota Department of Finance

crease between 1978 and 1985. Total general fund instructional expenditures increased by 80.55 percent from $382,948.2 in 1978 to $691,432.9 in 1985.

Tuition revenue levels illustrate the increased reliance on tuition as a revenue source during the eight year period. Increases in tuition revenue ranged from a low of 111.06 percent at the University of Minnesota to a high of 396.52 percent at the AVTIs. Total tuition revenue increased by 157.97 percent, from $84,952.3 to $219,150.5.

Table 22 displays tuition revenue as a percent of general fund instructional expenditures, full year equivalent and average daily membership enrollment, and general fund instructional expenditures per FYE or ADM in current and constant dollars for the four public systems.

Tuition revenue as a percent of general fund instructional expenditures is a good indicator of changes in reliance on tuition as a revenue source for instruction. Tuition revenue has risen from 9.08 percent to 25.46 percent of general fund instructional expenditures in the AVTIs. Community College System tuition revenue rose from 23.16 percent of instructional expenditures in 1978 to 32.29 percent in 1985. State University System tuition revenue constituted 33.06

percent of instructional expenditures in 1985, up from 23.12 percent in 1978. Tuition revenue as a percent of general fund instructional expenditures at the University of Minnesota increased from 28.48 percent in 1978 to 34.18 percent in 1985.

These significant increases in the proportion of instructional expenditures provided by students through tuition are due to several factors. First, as discussed above, tuition was imposed on all AVTI students starting in 1979. Second, the state's fiscal crisis during 1981 through 1983 resulted in $80 million of reductions in state appropriations to the post-secondary systems. The systems increased tuition rates to recoup a portion of the losses in state appropriations. Thus, tuition revenue as a percent of instructional revenue rose significantly in all systems between 1980 and 1983. The third factor contributing to the increased reliance on tuition as a revenue source was the adoption of new state financing policies for post-secondary education in 1983. (See Chapter II.) The tuition policy increased and moved toward equalizing tuition revenue as a percent of instructional expenditures in the four public systems. The result was significant increases in public system tuition rates. Students from lower and lower middle income families received additional financial aid to offset the tuition increases. Students from middle and upper income families were required to pay the increased tuition rates and consequently, a larger share of the costs of instruction. Thus, the tuition policy largely accounts for the changes in tuition revenue as a percentage of general fund instructional expenditures between 1983 and 1985.

Average daily membership (ADM) enrollments in the AVTIs peaked at 41,442 in 1984 and declined to 40,184 in 1985. Community College System full year equivalent (FYE) enrollments peaked at 24,880 in 1982 and declined to 23,430 in 1985. FYE enrollments rose to 43,104 in 1982 and declined to 41,323 by 1985 in the State University System. University of Minnesota FYE peaked in 1982 at 61,628 and declined to 55,850 by 1985.

General fund instructional expenditures per FYE and ADM relate those expenditures to the volume of instructional activity occurring in each system. The smallest increase in instructional expenditures per FYE or ADM between 1978 and 1985, 56.1 percent, occurred in the AVTIs. The size of this increase is due in part to the fact that AVTI enrollments peaked later than those in the other systems and have declined less since the peak. The largest increase in general fund instructional expenditures per FYE or ADM, 82.1 percent, occurred at the University of Minnesota. The size of this increase is due in part to the fact that University of Minnesota enrollments have declined by the largest percentage since the 1982 peak.

General fund instructional expenditures per FYE or ADM in constant dollars eliminates the effects of inflation from the previous comparison. AVTI instructional expenditures per ADM in constant dollars rose through 1980 and declined to 8 percent below the 1978 level by 1985. In constant dollars, Community College System instructional expenditures per FYE rose slightly in 1979, declined steadily through 1983, and rose to .3 percent above 1978 by 1985. Instructional expenditures in the State University System declined in constant dollars from 1979 through 1981 and rose to 2.5 percent above 1978 by 1985. University of Minnesota general fund instructional expenditures per FYE in constant dollars declined from 1978 through 1983 and increased to 7.2 percent above 1978 by 1985.

These changes in general fund instructional expenditures per FYE or ADM are due to several factors. First the bulge funding policy adopted in 1977 required the collegiate systems to provide instruction to additional students without additional state support. Although the policy was not applied to the AVTIs, their funding policy did not provide additional funding for small increases in enrollments. The effect of the bulge and AVTI funding policies was a decline in constant dollar expenditures per FYE or ADM as enrollments increased. The state's fiscal crisis caused reductions in state appropriations to the systems which were only partially recouped through tuition increases. The net effect of the reductions in appropriations was reductions in instructional expenditures per FYE and ADM. Finally, the new financing policies for post-secondary education adopted in 1983 have affected general fund instructional expenditures per FYE or ADM in constant dollars. Through significant increases in tuition revenue, the systems were able to increase expenditures. The average cost funding policy provides funding on the basis of enrollments two years before the year being funded. In the collegiate systems this meant funding in 1984 was provided on the basis of their peak enrollment year, 1982. The AVTIs received funding in 1984 for lower enrollments in 1982. The effect of the new financing policies has been increases in constant dollar instructional expenditures per FYE in the collegiate systems to levels at or above those in 1978. The effect of the AVTIs has been the decline in constant dollar instructional expenditures per ADM to a level 8.0 percent below that of 1978.

3. Price to the Student

The cost of attending a Minnesota post-secondary education institution in Fiscal Year 1985, as measured by constant dollar tuition and fee charges, was greater than in Fiscal Year 1971. This represents a reversal of the trend of stable or declining constant dollar tuition and fees in the public systems during the 1970s and early 1980s.

The reversal is the result of two factors. First, the public systems imposed tuition increases to mitigate the effects of several reductions in state appropriations during the state's fiscal crisis of 1980-1983. Second, the new financing policies for post-secondary education require students without financial need to provide a larger share of the costs of post-secondary education.

Table I.23 displays current and constant dollar tuition and required fees in the four public post-secondary education systems and in the private four-year colleges and current and constant dollar per capita personal income in Minnesota.

TABLE I.23
MINNESOTA PER CAPITA INCOME AND REQUIRED TUITION AND FEE CHARGES IN CURRENT AND CONSTANT DOLLARS
FISCAL YEARS 1971-1985[1]

	Current[2]	Constant	University of Minnesota[3]		State University System[6]		Community College System		AVTIs		Private Four-Year Colleges[4]	
Fiscal Year	Per Capita Income	Per Capita Income	Current Tuition	Constant Tuition	Current Tuition	Constant Tuition	Current Tuition	Constant Tuition	Current Tuition	Constant Tuition	Current Tuition	Constant Tuition
1971	$ 3,791	$3,791	$ 522	$522	$ 379	$379	$ 353	$353			$1,671	$1,671
1972	4,107	3,953	525	508	416	403	386	374			1,795	1,738
1973	4,630	4,259	641	599	416	389	386	361			1,933	1,807
1974	5,084	4,198	683	588	453	390	420	361			2,029	1,746
1975	5,533	4,198	714	554	479	372	420	326			2,203	1,709
1976	6,108	4,357	772	556	519	374	461	332			2,382	1,716
1977	6,744	4,505	815	556	545	372	495	337			2,576	1,756
1978	7,536	4,618	927	585	590	372	518	327			2,882	1,819
1979	8,474	4,645	994	569	608	348	540	309	$360	$206	2,999	1,717
1980	9,330	4,580	1,060	543	675	346	574	294	360	184	3,284	1,682
1981	10,285	4,530	1,194	551	726	335	637	294	384	177	3,674	1,695
1982	10,828	4,312	1,264	513	802	326	697	283	450	183	4,192	1,702
1983	11,466	4,479	1,521	587	989	382	833	322	576	222	4,799	1,854
1984	N/A	N/A	1,673	634	1,246	472	1,013	384	777	295	5,292	2,006
1985	13,518[5]	4,790[5]	1,834	662	1,433	518	1,103	398	980	354	5,749	2,076
Percent Change 1981-1985	256.58%	26.35%	251.34%	26.82%	278.10%	36.68%	212.46%	12.75%	172.22%	71.84%	244.05%	24.24%

[1] Twin Cities Consumer Price Index, 1971 = 100. Fiscal Year 1985 inflation rate is estimated to be 5 percent. Tuition rates are for full-time undergraduates.

[2] Non farm personal income on calendar year basis.

[3] Tuition and required fees at College of Liberal Arts, Twin Cities campus.

[4] Institutions in the Minnesota Private College Council.

[5] Estimate

[6] Tuition and maximum required fees. Excludes Metropolitan State University.

Source: Minnesota Higher Education Coordinating Board.

Minnesota constant dollar per capita personal income increased from $3,791 to $4,790, or 26.35 percent, between 1971 and 1985, as indicated in Table I.23. In current dollars, per capita personal income increased from $3,791 to $13,518, or 256.58 percent.

Tuition and fees at the University of Minnesota increased by 251.34 percent between 1971 and 1985. Adjusted for inflation, the increase was 26.82 percent. Current dollar tuition and fees increased by 278.10 percent between 1971 and 1985 in the State University System. In constant dollars, the increase in state university tuition and fees was 36.68 percent during the same period. The state universities are the only collegiate institutions in which tuition and fees increased significantly more than per capita personal income between 1971 and 1985.

Community College System tuition and fees increased by 212.46 percent in current dollars and 12.75 percent in constant dollars between 1971 and 1985.

Tuition was not paid by most Minnesota residents enrolled in AVTIs until 1979. AVTI tuition increased by 172.22 percent in current dollars between 1979 and 1985. In constant dollars, AVTI tuition rose by 71.84 percent during the same period. These increases in AVTI tuition were larger than the increases in per capita personal income between 1979 and 1985.

Current dollar tuition and fees in private four-year colleges rose by 244.05 percent between 1971 and 1985. Adjusted for inflation, tuition and fees in the private four-year colleges rose by 24.24 percent.

Minnesota per capita personal income increased by 22.53 percent in constant dollars between 1971 and 1979. University of Minnesota constant dollar tuition and fees increased by nine percent during the same period. Constant dollar tuition and fees declined between 1971 and 1979 by 8.18 percent in the State University System and by 12.46 percent in the Community College System. Tuition and fees in private four year colleges rose by 2.75 percent in constant dollars.

Constant dollar per capita income declined between 1979 and 1982 and by 1985 is projected to rise to 3.12 percent above the 1979 level. Constant dollar tuition and fees also declined in each of the four public systems between 1979 and 1982. In each of the public systems, tuition and required fees increased signifi-

TABLE I.24
STATE APPROPRIATIONS FOR STUDENT ASSISTANCE, FISCAL YEARS 1968-1985

Year	1968	1969	1970	1971	1972	1973	1974	1975	1976
Grants									
Scholarships		250,000	575,000	857,000	1,590,000	2,500,000	3,175,000	3,875,000	5,000,000
Grant-in-Aid			200,000	600,000	1,040,000	2,200,000	3,125,000	3,875,000	8,500,000
Nursing Grants	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Subtotal	125,000	375,000	900,000	1,582,000	2,755,000	4,825,000	6,425,000	7,775,000	13,625,000
AVTI Subsidy									
Part-Time Grant									
Vets Dependents								10,000	10,000
TOTAL	125,000	375,000	900,000	1,582,000	2,755,000	4,825,000	6,425,000	7,785,000	13,635,000
Loans and Work Study									
GSLP[1]							579,000	15,800,000	22,900,000
MMOLP[2]							232,300	300,722	315,850
Work Study									500,000
Foreign Student								80,000	80,000
TOTAL	—	—	—	—	—	—	811,300	16,180,732	23,795,850
Reciprocity									4,732,938
TOTAL ALL PROGRAMS	125,000	375,000	900,000	1,582,000	2,755,000	4,825,000	7,236,300	23,965,732	42,163,788
TOTAL STATE MONIES[3]	125,000	375,000	900,000	1,582,000	2,755,000	4,825,000	6,425,000	7,865,010	18,947,938

[1] Guaranteed Student Loan Program amounts reflect loan advances.

[2] Minnesota Medical and Osteopathy Loan Program

[3] Total all programs less GSL & MMOLP which are financed by issuance of tax exempt revenue bonds by the Minnesota Higher Education Coordinating Board.

cantly between 1982 and 1985. This reflects the state's fiscal crisis and the new finance policies for post-secondary education adopted by the 1983 Legislature. Tuition and fees in constant dollars at the University of Minnesota declined to 1.72 percent below the 1971 rate in 1982 and rose by 29.04 percent between 1982 and 1985. State University System constant dollar tuition and fees declined to 13.98 percent below the 1971 rate in 1982 and rose by 58.90 percent between 1982 and 1985. Constant dollar tuition and fees in the Community College System declined to 19.83 percent below the 1971 rate in 1982 and increased by 40.64 percent between 1982 and 1985. AVTI constant dollar tuition declined by 11.17 percent between 1979 and 1982 and increased by 93.44 percent between 1982 and 1985. Private four-year college average tuition and fees rose by 20.91 percent between 1979 and 1985.

Tuition represents the basic price charged by an institution to a student for enrolling in post-secondary education. Since virtually every post-secondary institution requires some fees in addition to tuition for a full-time student, tuition and required fees more accurately represent total charges to the student.

4. Financial Aid Trends

Between Fiscal Year 1969 and 1985 state appropriations for financial aid grew from $375,000 to $52,294,600 (excluding reciprocity). State appropriations increased from $70,926,400 for the 1981-83 biennium to $103,802,600 in the 1983-85 biennium.

A history of state appropriations for financial aid programs appears in Table I.24. Total funding for all state student aid programs, including loan programs and reciprocity, peaked at $136,207,500 in Fiscal Year 1981 and is expected to total $111,094,600 in Fiscal Year 1985. The reduction is due primarily to less borrowing from the State Student Loan Program and more from private lenders. The loans are financed by the sale of tax exempt revenue bonds and require no state appropriations. The 1983 Legislature eliminated the AVTI Subsidy Program; it consolidated funding for the Part-Time Grant Program into the Scholarship and Grant Program. The table, however, separates the funding for the Part-Time Grant Program. The 1984 Legislature repealed the Nursing Grant Program, which had been administered under provisions of the Scholarship and Grant Program. The 1981 Legislature eliminated the Medical and Osteopathy Loan Program, and no new participants have been funded since July 1, 1981.

5. Relative State Investment in Post-Secondary Education

State appropriations for post-secondary education in Fiscal Year 1984 totaled $630.6 million. This amount does not include state appropriations to the Department of Finance for debt service on bonds sold for capital improvements in post-secondary education facilities. State ap-

TABLE I.24 (Continued)
STATE APPROPRIATIONS FOR STUDENT ASSISTANCE, FISCAL YEARS 1968-1985

Year	1977	1978	1979	1980	1981	1982	1983	1984	1985
Grants									
Scholarships	5,750,000	7,589,000	9,163,951	10,096,400	11,521,200	12,193,500	11,632,500	11,575,000	11,900,000
Grant-in-Aid	9,400,000	13,650,000	16,650,000	12,103,000	15,298,800	18,141,900	17,373,700	34,724,000	35,666,000
Nursing Grants	125,000[4]					148,000	75,000	700,000	0
Subtotal	15,275,000	21,239,033	25,813,951	22,200,000	26,820,000	30,483,800	29,081,200[5]	46,774,000	47,266,000
AVTI Subsidy			3,600,000	1,792,500	1,792,500	1,400,000	1,400,000	0	0
Part-Time Grant		250,000	500,000	375,000	375,000	300,000	300,000	300,000	300,000
Vets Dependents	10,000	10,000	10,000	2,000	2,000	1,200	1,200	0	0
TOTAL	15,285,000	21,499,033	29,923,951	24,369,500	28,989,500	32,185,000	30,782,400	47,299,000	47,866,000
Loans and Work-Study									
GSLP[1]	24,700,000	27,700,000	38,500,000	51,500,000	93,700,000	86,300,000	64,400,000	63,200,000	54,000,000
MMOLP[2]	303,800	463,000	475,000	576,000	510,000	318,000	192,000	90,000	0
Work Study	1,250,000	1,600,000	1,600,000	2,600,000	3,600,000	3,891,000	4,067,000	4,209,000	4,428,600
Foreign Student	80,000	80,000	80,000	45,000	45,000	—	—	—	—
TOTAL	26,333,800	29,843,000	40,655,000	54,721,000	97,855,000	90,509,000	68,659,000	67,499,000	58,428,600
Reciprocity	4,907,700	6,094,870	6,627,800	10,075,500	9,363,000	5,300,000	5,669,000	6,850,000	4,800,000
TOTAL ALL PROGRAMS	46,526,500	57,436,903	77,206,751	89,166,000	136,207,500	127,994,000	105,110,400	121,648,000	111,094,600
TOTAL STATE MONIES[3]	21,522,700	29,273,903	38,231,751	37,090,000	41,997,500	41,377,000	40,518,400	58,358,000	57,094,600

[1] Guaranteed Student Loan Program amounts reflect loan advances.

[2] Minnesota Medical and Osteopathy Loan Program.

[3] Total all programs less GSL & MMOLP which are financed by issuance of tax-exempt revenue bonds by the Minnesota Higher Education Coordinating Board.

[4] Included in Grants-in-Aid subsequent to FY 1977.

[5] The Fiscal Year 1983 appropriation was reduced by $1.9 million under Chapter 2, *Third Special Session 1981; Minn. Laws 1982*, Chapter 641 called for an additional reduction of $1,265,000 in Fiscal Year 1983. This was to be done at the end of the fiscal year through refunds.

propriations for adult vocational instruction, which have been excluded from previous comparisons, are included in this total. The University of Minnesota appropriations reported in Section I.F.2 are more current than those used in this section.

Figure 4 displays the distribution of state appropriations by function. The majority of state appropriations, $570.2 million, or 90.43 percent, was for institutional operations. State appropriations for student financial aid in Fiscal Year 1984 totaled $50.7 million, or 8.04 percent of all appropriations. This total for financial aid included $1.2 million of federal funds for the State Student Incentive Grant Program. In Fiscal Year 1983, state appropriations for financial aid constituted 5.29 percent of total state appropriations for post-secondary education. This significant increase in the percentage of the state investment going to financial aid in 1984 is a result of the new state financing policies for post-secondary education approved by the 1983 Legislature. Students pay a larger share, and the state pays a smaller share of the costs of providing post-secondary education under the new policies. Appropriations for student financial aid, however, were increased significantly to retain access to post-secondary education for students with financial need.

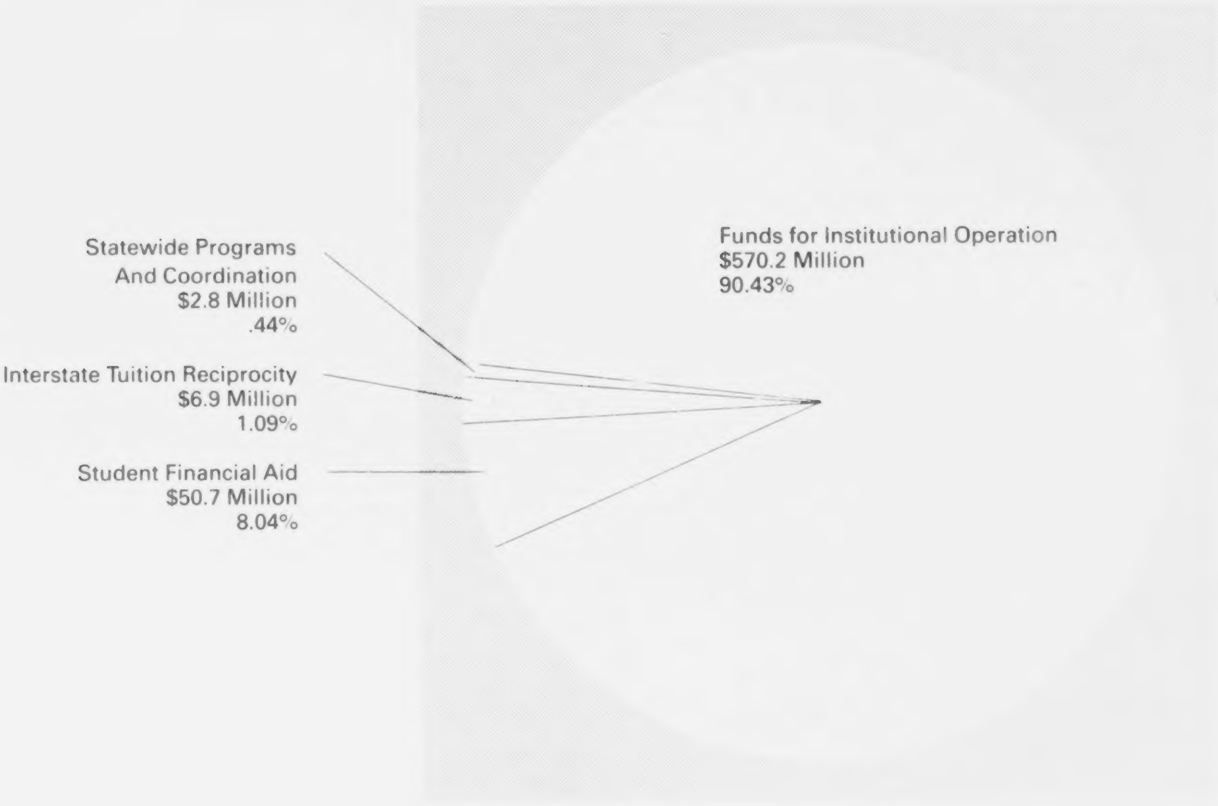
Interstate tuition reciprocity programs with North Dakota, South Dakota and Wisconsin received $6.9 million in state appropriations, or 1.09 percent of the total state investment in post-secondary education in Fiscal Year 1984. Statewide programs and coordination activities received $2.8 million, or .44 percent of all state appropriations. Funds for statewide programs and coordination include support for the Minnesota Interlibrary Telecommunications Exchange (MINITEX), the Post-High School Planning Program (PSPP), financial aid administration, the Medical Student Loan Program, and the Coordinating Board.

Figure 5 displays the distribution of state appropriations for institutional operations in Fiscal Year 1984. The largest portion of these funds, 51.96 percent, or $296.3 million, went to the University of Minnesota. The area vocational-technical institutes received $122.8 million, or 21.54 percent. State appropriations to the State University System of $101.2 million constituted 17.75 percent of the total. Community College System appropriations were $48.7 million, or 8.53 percent. The smallest proportion of state appropriations for institutional operations, $1.3 million, or .22 percent, went to the Mayo Medical School.

Figure 6 shows the distribution of financial aid funds by system for Fiscal Year 1984 based on the State Scholarship and Grant Program, the State Part-time Grant Program, and the State Work-Study Program. Of the $50.7 million total, 58.7 percent, or $29.8 million, went to students at-

FIGURE I.4

RELATIVE STATE INVESTMENT
IN POST-SECONDARY EDUCATION BY FUNCTION
FISCAL YEAR 1984



Source: Higher Education Coordinating Board

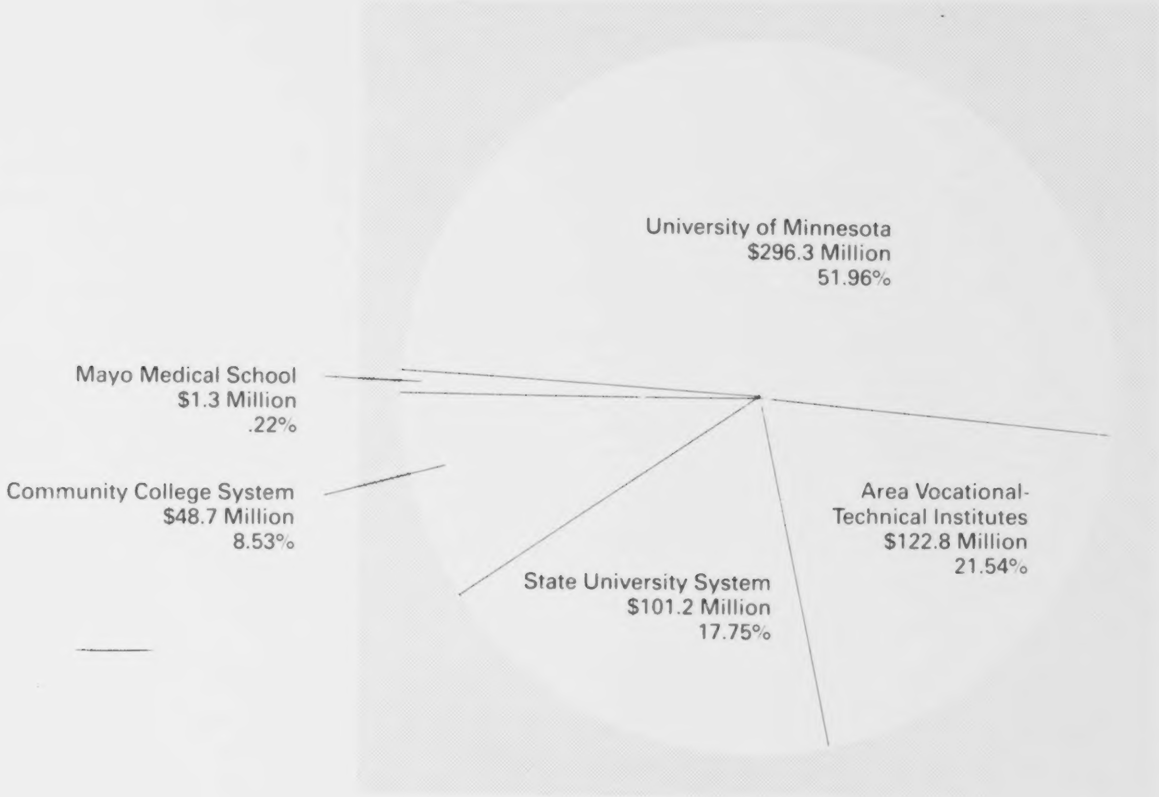
tending the four public systems. Of the $20.9 million that went to students attending private institutions, 30.7 percent, or $15.6 million, went to students at private four-year institutions.

Figure 7 displays the distribution of state appropriations for institutional operation and financial aid by system, category of institution, and statewide function. State appropriations to systems and categories of institutions include appropriations for institutional operations and appropriations for financial aid to students attending those systems and institutions. The University of Minnesota received the largest single amount, $305 million, or 48.36 percent of the total. The second largest amount of state appropriations, $130.6 million, or 20.71 percent, went to the AVTIs. Total state appropriations to the State University System of $109.7 million constituted 17.40 percent of the total. The Community College System appropriation of $53.4 million was 8.47 percent of all appropriations.

The private four-year colleges and universities received 2.47 percent of

FIGURE I.5

DISTRIBUTION OF STATE APPROPRIATIONS FOR INSTITUTIONAL OPERATION BY SYSTEM, FISCAL YEAR 1984



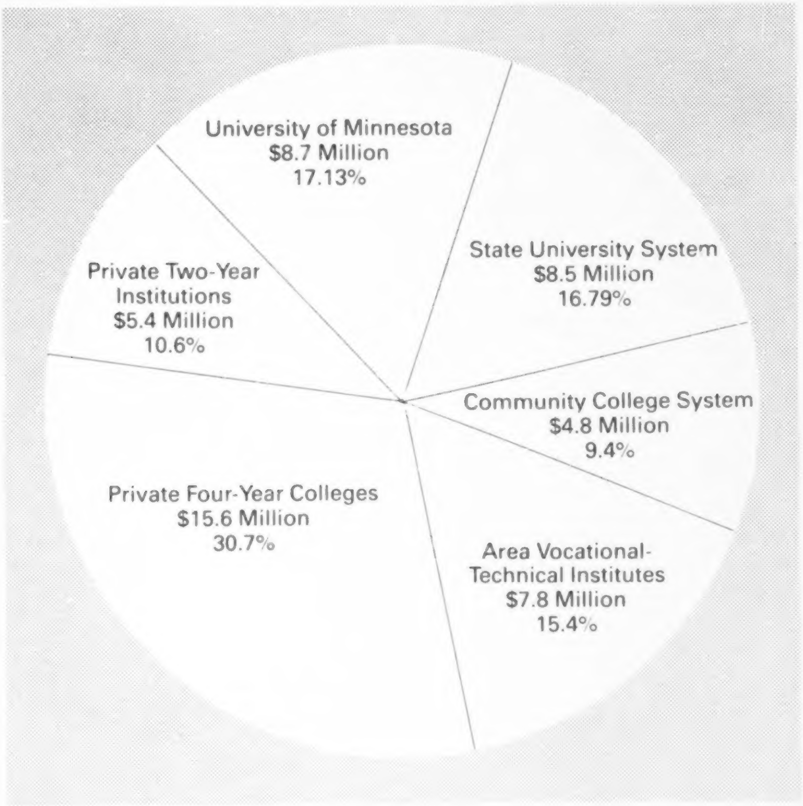
Source: Higher Education Coordinating Board

state appropriations, or $15.6 million. The $5.4 million in appropriations which went to private two-year colleges and vocational institutions was .85 percent of the total. Mayo Medical School received $1.3 million, or .20 percent of all appropriations. Finally, appropriations to statewide programs, interstate tuition reciprocity, and medical student loans was $9.6 million, which was 1.53 percent of the total.

The $598.7 million received by the four public systems was 94.94 percent of total appropriations. The private four-year and two-year institutions and Mayo Medical School appropriations of $22.3 million constituted 3.52 percent of the total.

FIGURE I.6

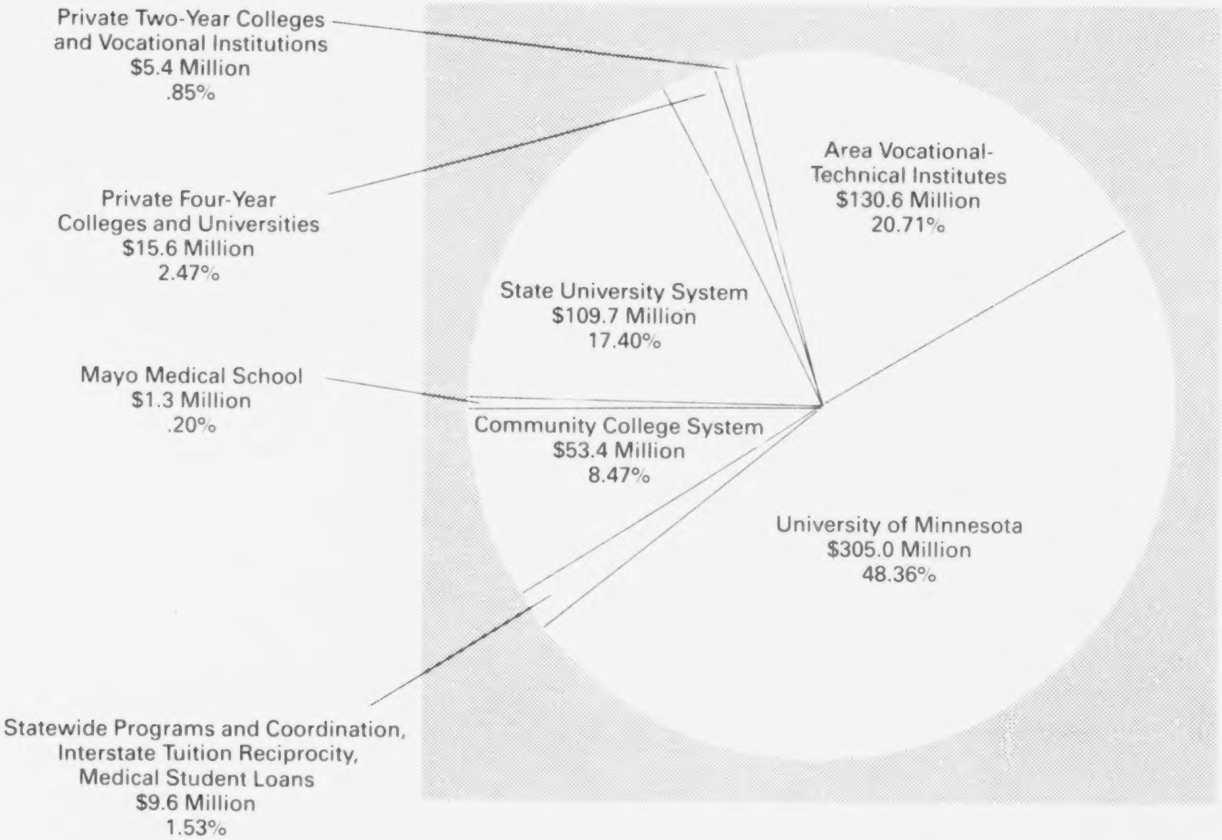
DISTRIBUTION OF FINANCIAL AID AWARDS BY SYSTEM
FISCAL YEAR 1984



Source: Higher Education Coordinating Board

FIGURE I.7

DISTRIBUTION OF STATE APPROPRIATIONS FOR INSTITUTIONAL OPERATION AND FINANCIAL AID BY SYSTEM, CATEGORY OF INSTITUTION AND STATEWIDE FUNCTION, FISCAL YEAR 1984



Source: Higher Education Coordinating Board

TABLE I. 25
AVERAGE SALARIES FOR FULL-TIME FACULTY IN MINNESOTA PUBLIC COLLEGIATE INSTITUTIONS BY ACADEMIC RANK AND INSTITUTION TYPE IN CURRENT AND CONSTANT DOLLARS, 1979-80 AND 1983-84

Academic Rank	1979-80	1983-84 Current Dollars	1983-84 Constant* Dollars	Percent Change Constant Dollars
Doctoral Institution[1]				
Professor	$31,400	$41,100	$31,300	−.32%
Associate	23,100	30,200	23,000	−.43
Assistant	18,800	25,700	19,600	4.26
Instructor	15,700	21,700	16,500	5.10
Overall	$25,400	$34,300	$26,100	2.76%
Comprehensive Institutions[2]				
Professor	$25,700	$37,900	$28,900	12.45%
Associate	21,600	30,200	23,000	6.48
Assistant	18,100	24,100	18,400	1.66
Instructor	15,100	18,600	14,200	−5.96
Overall	$20,900	$30,100	$22,900	9.57%
General Baccalaureate Institutions[3]				
Professor	$24,900	$36,700	$28,000	12.45%
Associate	20,400	29,300	22,300	9.31
Assistant	17,200	23,000	17,500	1.74
Instructor	14,100	18,700	14,300	1.42
Overall	$20,100	$29,300	$22,300	10.95%
Two-Year Academic Institutions[4]				
Overall	$20,000	$26,800	$20,400	2.00%

[1] Includes University of Minnesota-Twin Cities.
[2] Includes University of Minnesota-Duluth, Bemidji State University, Mankato State University, Moorhead State University, St. Cloud State University and Winona State University.
[3] Includes Metropolitan State University, Southwest State University and University of Minnesota-Morris.
[4] Includes University of Minnesota-Crookston, University of Minnesota-Waseca and all Community Colleges.
Source: Maryse Eymonerie Associates, McLean, Virginia
*Constant 1979-80 dollars using the Consumer Price Index.

6. Faculty Salaries

Table 25 displays average salaries for full-time faculty in Minnesota public collegiate institutions. Average salaries are displayed by rank and institution type for Fiscal Years 1979-80 and 1983-84 in current and constant dollars.

The overall average salary at the doctoral institution increased by 2.76 percent in constant dollars between 1979-80 and 1983-84. Constant dollar percentage change by rank varied from a .43 percent decline at the associate level to a 5.10 percent increase at the instructor level.

The constant dollar increase in overall average salary in the comprehensive institutions was 9.57 percent. Average salary at the instructor level declined by 5.96 percent in constant dollars. The largest increase in the comprehensive institutions, 12.45 percent, was at the rank of professor.

In the general baccalaureate institutions, overall average salary rose by 10.95 percent in constant dollars between 1979-80 and 1983-84. The range of increases by rank was from 1.42 percent for instructors to 12.45 percent for professors.

The increase in overall average salary at two-year academic institutions between 1979-80 and 1983-84 was 2.00 percent in constant dollars.

Average salaries have generally kept pace with or exceeded the rate of inflation as measured by the Consumer Price Index since Fiscal Year 1979-80. In comprehensive and general baccalaureate institutions real increases have to some extent offset the significant declines in average salaries experienced during the 1970s.

The Coordinating Board has two faculty studies on its Management Plan. The first study, to be delivered to the Board in spring 1985, will be a profile and analysis of faculty compensation and characteristics. The second, an analysis of the faculty age profile and the implications of enrollment changes, is scheduled for delivery to the Board in late summer 1985.

G. COMPARISONS

1. Introduction

This section provides additional perspective on the status of Minnesota post-secondary education in several ways. First, progress in achieving the state's goals for post-secondary education is assessed. Second, comparisons between Minnesota and other states are provided in several categories. Third, expenditures for Minnesota post-secondary education are compared with expenditures for other state services.

2. Response to Goals

Introduction: The Higher Education Coordinating Board believes that policy and funding decisions should be related to the state's goals for post-secondary education. Thus in June 1982 the Board adopted a set of goals to guide the investment of public resources in Minnesota post-secondary education.[10] In view of severe fiscal problems and projected enrollment declines, the Board felt that it would be useful to re-examine the goals that had been assumed but not formally articulated during the 1960s and 1970s.

The goals are designed to help the governor and legislature make decisions on how best to use limited resources to provide quality post-secondary education opportunities to the citizens of Minnesota. They also are intended to assist members of public and private governing boards in making their policy and budgetary decisions. Further, the goals are intended to help the public understand what the state is seeking to accomplish in providing educational services to those pursuing an education beyond high school.

To help the governor and legislature evaluate the success of both current and proposed policies in achieving these goals, the Board suggested several questions that decisionmakers could apply to each goal.

The goals provided the framework for a set of Board policy recommendations that were incorporated into Governor Rudy Perpich's higher education initiatives and enacted by the 1983 Legislature.

Now, two years later, it is important to assess progress in achieving the goals and to consider whether the goals remain a reasonable guide for making decisions affecting the future of Minnesota post-secondary education. The following discussion states each goal and attempts to answer the questions developed for it in 1982.

Goals

Achieving Efficient Use of Limited Resources:

Minnesota should implement funding policies for post-secondary education which provide incentives for the most efficient use of limited resources in the provision of post-secondary education.

The following questions may help ascertain the extent to which state funding policies provide incentives.

What incentives exist in current state-level funding policies to encourage post-secondary systems to manage resources efficiently?

Significant progress has been made in implementing funding policies for post-secondary education which provide incentives for the efficient use of limited resources. The state level financing policies for post-secondary education, adopted in 1983, provide three primary incentives for efficient use of resources. The incentives are enrollment related funding, cost related tuition, and the authority to carry over unexpended funds.

The first incentive for efficient management of resources is the enrollment related funding policy. This policy provides state appropriations to each public system on the basis of its full-year equivalent enrollment. If enrollments increase, state funding increases; if enrollments decrease, state funding decreases. Systems and institutions must compete for students and the associated funds. In order to compete, the institutions must provide the best post-secondary educational services subject to the constraints of their available resources. The enrollment related funding policy provides a particularly strong incentive for efficient resource management in the context of the enrollment declines projected for Minnesota public post-secondary education systems.

The second incentive for efficient management is the cost related tuition policy. The policy sets system level tuition revenue equal to a fixed percentage of instructional expenditures. A system can influence its tuition rates by controlling its aggregate instructional expenditures. If a system can minimize increases in its aggregate expenditure level through efficient resource management, increases in aggregate tuition revenue and consequently tuition rates also will be minimized.

The third incentive for efficient management of resources is the authority to carry over unexpended funds. Prior to Fiscal Year 1984, unexpended funds reverted from the State University System, the Community College System and the State Board for Vocational-Technical Education to the state treasury at the end of each fiscal year. These systems now have the authority to carry over an unlimited amount of funds between years in a biennium and up to two percent of their appropriations from one biennium to the next. Without carry over authority, there was an incentive to spend funds before the end of the year to avoid losing them. The carry-over authority provides an incentive for efficient management of resources since savings are not lost at the end of the fiscal year.

What incentives do system allocation policies possess which encourage institutions to manage resources efficiently?

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[10] Minnesota Higher Education Coordinating Board, *Goals to Guide the Investment of Public Resources in Post-Secondary Education* (September 1982).

The allocation policies for all four public post-secondary education systems include incentives that encourage institutions to manage resources efficiently. Some of these incentives have been added to the allocation policies as a consequence of the new state financing policies. All four system allocation policies possess the incentive of enrollment related funding. Other incentives are included in one or more of the allocation policies.

- The public systems allocate funds to varying degrees on the basis of enrollments. The State University System and the Community College System provide fixed, minimum allocations in some resource categories. All systems vary the allocation rates (average cost, staffing ratio) based on characteristics such as institutional size or program mix. The primary determinant of funding levels, however, is enrollment levels. Consequently, the competition for students and the associated funding extends to the institution level. The institutions must provide the best post-secondary education services subject to the constraint of available resources. This constraint is the incentive which encourages institutions to manage their resources efficiently.

The State University System and the Community College System allow institutions limited authority to retain savings. Individual state universities are allowed to carry forward unexpended funds from one fiscal year to the next. These funds are subject to the same constraints as those imposed on the system. Community colleges that were consolidated are allowed to retain a decreasing percentage (minimum of 50 percent) of the funds saved as a result of the consolidation. These provisions encourage efficient resource management by allowing institutions to retain the savings resulting from such management.

The University of Minnesota is the only system that extends the cost related tuition policy to the institution and collegiate unit level. Although tuition revenue does not constitute 32 percent of the instructional cost in each unit, the Board of Regents has established that figure as a goal. Annual tuition increases have been structured to move units toward the 32 percent goal. The extension of the tuition policy to the collegiate unit level also extends the incentive for efficient management of resources. The units can minimize tuition increases by minimizing increases in instructional expenditures.

What is the range of costs per student within systems, sectors and institutions? What is the range of costs per student among similar programs? Why do these differences exist?

Instructional costs vary widely among Minnesota public post-secondary systems and institutions. Prior to adoption of the state's new finance policies, unit cost studies were conducted routinely by the staff of the University of Minnesota and the State Board for Vocational-Technical Education. Coordinating Board staff conducted occasional cost studies for the other two public systems. With the adoption of the average cost funding policy, all four systems will conduct average cost studies at least once each biennium for funding purposes.

In summer 1982, the Coordinating Board published a survey of instructional cost patterns at Minnesota's public post-secondary institutions in Fiscal Year 1981.[11] Among the public post-secondary systems, the University of Minnesota had the highest instructional cost per student, $4,469. This was more than double the costs in the Community College System, $2,085. The AVTIs had higher costs per student, $3,121, than either the state universities, $2,654, or community colleges.

The greatest disparity was between specialized graduate and professional programs at the high end and lower division academic programs at the low end. Considerable differences existed within the same system at institutions offering similar programs. Among community colleges, which offer lower division instruction exclusively, the cost per student at the highest cost institution was nearly double the cost per student at the lowest cost institution.

Many factors may contribute to differences in cost per student. Technical programs may require the purchase of expensive equipment. Some institutions have more experienced, higher paid faculty members. Enrollments in programs and institutions may decline faster than expenditures, thereby driving up expenditures per student. The causes of differences in cost may be as numerous as the programs and institutions. The Coordinating Board study in 1982, however, made no attempt to analyze such causes.

Under average cost funding, the public post-secondary systems will conduct studies to determine program costs for the high, medium and low cost cells in the funding matrix. In order to determine aggregate program costs for the cells, the systems will need to calculate program costs.

The average cost studies will help the systems manage their resources efficiently. Since funding to the system is based on program costs and enrollments, the systems have an incentive to promote efficiency in their programs. Unit cost data will enable the systems to assess the range of costs in their institutions and programs. Additional cost studies, however, would be required to make more detailed comparisons of average costs between systems and among individual programs within systems.

A more comprehensive examination of cost patterns would include a review of the costs to the state for students educated via tuition reciprocity agreements between states and in Minnesota private colleges.

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[11] Minnesota Higher Education Coordinating Board, *Report on Instructional Expenditure Patterns in Public Post-Secondary Education in Fiscal Year 1981* (June 1982).

Promoting Educational Effectiveness

Minnesota should promote the greatest possible effectiveness in all of its post-secondary education programs.

Consideration of this goal raises the following questions:

How do systems and institutions define effectiveness? What standards have been established to measure it?

This goal is designed to promote quality by assessing the outcomes of the educational process. Systems and institutions refer to their educational effectiveness in several ways. Quantitative measures, however, have not always been developed specifically to define effectiveness.

Institutions and systems define effectiveness in accordance with their perceived mission. The University of Minnesota, a national and international institution, cites national rankings of graduate and undergraduate departments, awards, and publications of faculty. The AVTIs require minimum enrollments in programs and expect certain job placement rates for their graduates. The AVTIs also survey former students and employers of graduates to evaluate satisfaction with training programs. Community colleges consult the performance of former students who transfer to senior institutions.

Nevertheless, it now is difficult to assess how well Minnesota's post-secondary education system is accomplishing its purpose from the state perspective. Comparative evaluations to determine whether some educational approaches are more successful than others are also rare. To address these problems the Board plans a major project on educational outcomes.

What incentives are provided by the state and systems to promote effectiveness in institutions and programs?

The state's average cost funding policy is designed to encourage the maintenance and enhancement of high quality program offerings by requiring systems and institutions to compete for students. Students will decide which programs best meet their needs and those programs will receive funding. The need to attract students will provide an incentive for governing boards to maintain quality programs.

The underlying assumption is that students will seek effective programs. A generous need-based system of financial aid enables students of all income levels to enroll in the programs they judge to be most effective.

The systems also promote effectiveness through their planning and management efforts. The AVTIs, for example, relate program continuation to placement of graduates. This policy reinforces placement as a critical measurement of effectiveness. The University of Minnesota's planning process is designed to target funds to those programs in which the University excels. This process forces departments to demonstrate their effectiveness as they compete for resources.

Supporting Research and Expansion of Knowledge

Minnesota should support basic and applied research which results in new knowledge and ways to apply new knowledge in a socially useful manner.

The following questions may assist in assessing progress toward achieving this goal:

What proportion of the state's investment in post-secondary education supports basic and applied research? Has this proportion changed during the last five years?

Minnesota makes a substantial investment in research conducted by the state's post-secondary institutions, primarily the University of Minnesota which includes research as part of its mission. Because research activities are funded in different ways from a variety of sources, it is difficult to quantify the investment and outcomes from specific sources. The Coordinating Board has not attempted to compile and analyze this type of information.

Information collected and reported by the University of Minnesota, however, illustrates the magnitude of state support for research.

In Fiscal Year 1984, for example, the University of Minnesota spent $71,645,100 from its Operations and Maintenance and Special Apropriation Funds on research; this includes direct research expenditures and expenditures for support programs such as physical plant and administration that are attributable to research. Although it is difficult to determine the exact amount, state appropriations constituted approximately 75 percent of this expenditure figure. These expenditures represent 8.66 percent of state general fund expenditures for post-secondary education and 17.56 percent of state general fund expenditures at the University of Minnesota that year.

The Coordinating Board supports the research mission as evidenced by its inclusion in the state's goals for post-secondary education. Moreover, in recommendations on future funding policies for Minnesota post-secondary education, the Board recommended the following:

That since the development of new knowledge is vital to the continued health of Minnesota's economy, the governor and legislature should place a high priority on state investment in basic and applied research and maintain or increase state funding for this purpose. A formal reporting process should be developed to ensure the effective use of these funds.[12]

While advocating continued support

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[12] Minnesota Higher Education Coordinating Board, *Recommendations on Future Funding Policies for Minnesota Post-Secondary Education* (January 1983).

for research, the Board proposed that the governor and legislature require annual reporting on the use of research funds and the outcomes of research efforts supported in part or wholly by the state resources.

What outcomes have resulted from current state-funded research efforts which directly benefit Minnesota, the region and the nation?

It is difficult to measure the outcomes of specific research projects and attribute them to specific funding sources for several reasons. The benefits of research extend over time; many research breakthroughs result from the culmination of several research efforts. Research activities are funded in many different ways. The state funds some research efforts directly through special appropriations to post-secondary institutions while other activities are funded through allocations to operating agencies. Further, most research projects mix federal, state, local and private sources of funds.

Nevertheless, research accomplishments in Minnesota have benefited the state, the region, the nation and the world. State supported research conducted in post-secondary education has been instrumental in the discovery of new knowledge in agriculture, mining, the environment, medicine, and computer science. The expansion of agricultural productivity and development of the taconite industry have resulted from Minnesota's investment in research.

The development of medical and computer technology companies is due in part to the research conducted by the state's post-secondary institutions, particularly the University of Minnesota. The University of Minnesota has been instrumental in the development of the first total body x-ray scanner, the isolation of uranium isotope U-235, the design of Mars exploration experiments using the mass spectrometer, development of emergency survival rations for soldiers, and the production of a live calf from freeze-dried sperm.

How much non-state money has been received in Minnesota post-secondary systems for contracted research projects? What outcomes have resulted from these research efforts that directly benefit the state.

Minnesota institutions, especially the University of Minnesota, receive extensive non-state funding to support research. The University of Minnesota, for example, consistently ranks high nationally in the receipt of federal funds for research and development.

Sponsored research, training, and public service expenditures administered by the University of Minnesota's Office of Research Administration totaled $114 million in Fiscal Year 1983. These funds from external sources include contributions from federal departments and agencies, state governmental agencies, and private sponsors such as foundations, associations, and industry. Of the total, research expenditures accounted for $95 million; the remaining $19 million was spent for training and public service programs. Of the $114 million, the federal government contributed $89 million, private sources provided $21 million, and state and local agencies accounted for $4 million. The largest federal contributors to the University for sponsored programs are the Department of Health and Human Services, the National Science Foundation, the U.S. Department of Energy, and the U.S. Department of Education. Total expenditures for externally supported programs, including both sponsored programs and special appropriations, totaled $194 million in Fiscal Year 1983. This included $110.7 million from the federal government, $21 million from the state government, and $62 million from private sources.

From Fiscal Year 1979 to Fiscal Year 1981 expenditures for sponsored programs increased by 24.7 percent from $91,662,000 to $114,147,000. Expenditures declined by 2.2 percent from $116,736,000 in Fiscal Year 1982 to $114,147,000 in Fiscal Year 1983.[13]

Establishing Core Funding Standards

Minnesota should provide sufficient resources to enable systems and institutions to offer programs which meet the minimum standards consistent with their mission.

In examining whether the state is providing sufficient resources to achieve this goal, the following questions may be raised:

What are the core instructional program and support services that must be provided, regardless of enrollments, in order to offer a program consistent with the stated mission of the institutions?

A core refers to the minimum number of faculty and staff required for offering a sound education. This concept is vital in the context of anticipated enrollment declines and a funding policy for public post-secondary education that is related directly to enrollments. Unless a core is defined, small institutions could be in danger of receiving too few resources to provide students with a suitable education.

The concept of a core involves identifying the minimum enrollment that would sustain core faculty and staff. Maintenance of an institution with enrollments below that minimum presents a dilemma to those persons responsible for allocating resources. One choice would be to allow resources to the small institution to decline below the level required to maintain the core faculty and staff. The other choice would be to divert resources from other endeavors, likely from operations of larger institutions, in order to preserve the educational quality at the small institution.

The nature of core programs and services at an institution is a function of the institution's mission. Minimum needs at a research university would be greater than at a liberal arts college. The core at a liberal arts college, in turn, would be greater than at a community college. Considerable disagreement could exist over what specifically constitutes a core. In fact, various studies have suggested different configurations.

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[13] Office of Research Administration, University of Minnesota, *Levels and Trends in Sponsored Programs at the University of Minnesota* (May 1984).

A consultant to the Coordinating Board addressed the concept of institutional cores at community colleges and comprehensive four-year colleges. In connection with the Board's study of Minnesota's community colleges in 1980, Dr. John Millett of the Academy for Educational Development addressed the core at community colleges.[14] He later addressed the core at four-year colleges in 1982 as part of the Board's Task Force on the Future Funding of Post-Secondary Education.[15]

The consultant defined the institutional core in terms of the number of faculty and staff positions. The community college core was set at 19.5 full-time equivalent faculty positions in general arts, business, humanities, physical science and social science areas; and 24.5 full-time equivalent classified and unclassified positions in support functions. A faculty and staff of this size would be sufficient for an enrollment of 400 full-year equivalent students.

For four-year colleges he concluded that a faculty of 100 full-time equivalent positions would be suitable for an enrollment of 1,500 to 1,800 full-year equivalent students, with either an emphasis on professional, technical, and health fields, or an emphasis on the arts, humanities, natural sciences, and social science. He recommended a format showing a support staff of 81.5 positions that would be suitable for an enrollment of 1,500-2,000 full-year equivalent students.

How have state appropriations per full-time equivalent student varied in constant dollars during the last five years? How has income from tuition per full-time equivalent student varied during the last five years? Have reduced revenues caused program reductions below the minimum program core necessary to carry out the institution's mission?

This goal assumes that an adequate funding base for post-secondary education must be provided to ensure the financial integrity of post-secondary education. The challenge of accomplishing this, however, will be complicated by limited state resources and competition for public funds from other state programs. As a result of the state's fiscal crises, the public post-secondary systems experienced funding reductions of approximately $80 million during the 1981-83 biennium. The 1983 funding package, which included new related financing and tuition policies, was designed to address the adverse consequences of these reductions. The effects of the funding reductions and the new policies for the 1983-85 biennium can be seen in Tables I.21 and 22.

Promoting Equality of Educational Opportunity

Minnesota should strive to enable all residents who can benefit from post-secondary education the opportunity to enroll in the institution or program suited to educational needs and abilities.

The following questions may help in assessing progress toward this goal:

What are the characteristics of students enrolled in Minnesota post-secondary education systems in terms of age, sex, race, income and ability? How do these patterns of enrollment relate to the distribution of these characteristics in the general population of Minnesota?

The characteristics of Minnesota post-secondary students appear closely related to those of the state's population in terms of sex and race. A comparison of 1980 enrollment and 1980 census data shows that women made up 50.90 percent of the post-secondary enrollment that year and 50.98 percent of the population in Minnesota. White students made up 96.49 percent of the 1980 enrollment and 96.71 percent of the population that year. Black students made up 1.13 percent of the enrollment and 1.28 percent of the population; American Indians/Alaskan natives made up 0.67 percent of the enrollment and 0.90 percent of the population; Asian/Pacific Islanders made up 1.06 percent of the enrollment and 0.79 percent of the population; and other minorities made up 0.63 percent of the enrollment and 0.31 percent of the population. The age of students enrolled in Minnesota post-secondary education systems is difficult to compare to the general state population. Students who are 15 to 24-years-old, which includes the traditional post-secondary ages, made up about 75 percent of the post-secondary enrollment in 1980; 19 percent of the state's population is between the ages of 15 and 24. Students aged 25 to 34 made up about 19 percent of enrollment. This age group represents about 17 percent of the state's population. Students aged 35 and over made up about 7 percent of enrollment while 41 percent of the state's population is in this group. More complete enrollment data on age, race and sex appear in Chapter I.C. Data on enrollment by income are limited except for information on Scholarship and Grant Program recipients (see Chapter Ii. B.4.a.). Aptitude and other test scores results are summarized in Chapter I.D.2.

Characteristics of high school students who enrolled in post-secondary education are examined through a follow-up study of the Minnesota Post-High School Planning Program administered by the Coordinating Board. The most recent report summarizes descriptive information on 1979 high school graduates who enrolled in post-secondary education in fall 1979.[16]

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[14] Minnesota Higher Education Coordinating Board, *Interim Report on the Minnesota Community College System, Technical Report No. 1: Report on Enrollment and Costs, Minnesota Community College System, A Study Prepared for the Minnesota Higher Education Coordinating Board by John D. Millett* (February 1980).

[15] John D. Millett, *The Staffing and Budget Needs of Small Colleges, A Report for the Minnesota Higher Education Coordinating Board* (August 1982).

Highlights from the report are:

As the socio-economic status of a student's family increases, the participation rate in post-secondary education increases too. Of those students from families in the lowest socio-economic quarter, 37 percent enrolled in post-secondary education, while 57 percent of the students from the highest socio-economic quarter enrolled in post-secondary education.

The higher the socio-economic status, the greater the percentage of high school graduates choosing to enroll in collegiate institutions. The proportion increased from 18 percent in the lowest quarter to 26 percent in the second quarter, 39 percent in the third quarter and 52 percent in the highest quarter.

As high school rank increases, by quarters, participation in post-secondary education increases. Of those students in the top one quarter of their high school class, 69 percent enrolled in post-secondary education, while only 22 percent of those in the lowest quarter of their high school class enrolled in post-secondary education.

Of the 69 percent in the top quarter of high school rank who enrolled in post-secondary education, 61 percent selected a collegiate institution and 8 percent enrolled in a vocational institution. Conversely, of the 22 percent in the lowest quarter who enrolled in post-secondary education, 10 percent enrolled in a collegiate institution and 12 percent enrolled in a vocational institution.

As aptitude scores on verbal and mathematics tests increased, the participation rate in post-secondary education increased. Of those students in the lowest quarter of aptitude scores, 26 percent enrolled in post-secondary education. Of those students in the high aptitude quarter, 65 percent enrolled in post-secondary education.

At all aptitude levels, from lowest to highest, college enrollment increased as socio-economic status increased.

Aptitude test score is more important than socio-economic status in influencing whether a student enrolls in post-secondary education.

What are the characteristics of financial aid recipients by age, sex, race, income, and ability, and how does this compare with the general population of Minnesota?

Some data on this topic have been compiled, primarily for the State Scholarship and Grant Program. A distribution of recipients by income category indicates that the money is targeted to lower income students. Information on race and sex is not collected. Information on age is available but thus far has been analyzed only to determine the number of independent students under age 22, the new criterion for determining dependency status (see Chapter II.B.4.b.). The Scholarship and Grant Program is designed to serve students with financial need, but those who rank in the upper 25 percent of their high school junior year class are recognized as scholars. About 25 percent of the Scholarship and Grant Program recipients are in this category. This is the only reference to ability in the state's financial aid programs.

Under the Part-Time Grant Program in 1982-83, 43.1 percent of the recipients were in the 30-44 year-old age group, 37.7 percent were in the 22-29 year-old age group, and 10.5 percent were in the 19-21 year-old group. Seventy-three percent of the recipients were female. Sixty-eight percent of the recipients came from families with household income below $10,000—thirty-one percent below $5,000. Ninety-eight percent came from families with incomes below $20,000. Little descriptive information is available on State Student Loan Program borrowers. The program, however, has an income threshold; students from families with incomes above $30,000 must show need in order to receive a subsidized loan.

Is the state meeting the needs of financial aid recipients/applicants in an equitable manner? Do all eligible applicants receive an award?

Progress toward the equity goal is being achieved with the implementation of the Design for Shared Responsibility in the State Scholarship and Grant Program. The new financial aid policy ensures equal opportunity by treating students more equitably than the previous financial aid policy. Prior to 1983-84, larger student contributions were expected from low-income students than from middle-income students attending the same institution. Now, all students are expected to contribute 50 percent of the cost of attendance.[17] Consequently, students with identical educational costs have identical student contributions. See Chapter II.B.4.a. for a discussion of Shared Responsibility. The Coordinating Board has proposed that the Shared Responsibility design be extended to part-time students effective in 1986-87; this will enable the state to further achieve this goal. Loans will be available to virtually all students with the implementation of the state's new Student Educational Loan Fund.

What is the expected family contribution and student self-help obligation for financial aid recipients? What proportion of total need is being met by the combination of state and federal grants. Can loans be used to fulfill a student's self-help obligation?

Under the Design for Shared Responsibility, all applicants are expected to contribute 50 percent of their cost of attendance from savings, earnings, loans, or other assistance from institutional or private sources. The remaining 50 percent of the cost of attendance is met by contributions from parents, as determined by a national need analysis and by the combination of federal Pell Grant and State Scholarship and Grant awards.

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[16] Minnesota Higher Education Coordinating Board, *Characteristics of 1979 Minnesota High School Graduates Who Entered Minnesota Post-Secondary Institutions* (December 1981). Information was obtained by asking each institution for the names of all new entering freshmen in the fall term. This list of names was then matched against the students who participated in the Post-High School Planning Program as high school juniors. Slightly more than 29,000 fall 1979 freshmen were matched with their junior year records in this report. In an effort to describe the characteristics of all Minnesota high school graduates who enrolled in post-secondary education in Minnesota, the information collected from the matched file was attributed to all Minnesota graduates through estimation techniques.

[17] Because of tuition caps imposed, students at high cost institutions contribute more than 50 percent.

Enhancing Educational Diversity

Minnesota should support a diverse educational system in which systems and institutions possess different and educationally distinctive missions and settings.

A review of this goal suggests the following questions:

How do state policies promote the distinctive mission of post-secondary systems and institutions?

Some aspects of state policies promote distinctive missions for post-secondary systems, whereas other aspects of state policies do not. The extent to which distinctiveness occurs is, to a great extent, a function of decisions made by individual institutions and their governing boards rather than by the state.

The principal ways in which state policies promote distinctive missions are through authorizing legislation and funding decisions that affect students, programs, and institutions.

Legislation, for example, limits in many cases the level of education that institutions can provide by restricting the types of degrees and certificates that can be offered. Only the University of Minnesota, which has constitutional autonomy, is devoid of some state control of what programs it can offer. The authorizing legislation for the state universities specifies that the universities have the authority to grant all levels of degrees and certificates and to provide inservice education for district superintendents and teachers and to provide general adult education.[18] The State Board for Community Colleges is responsible for prescribing courses of study, including undergraduate academic programs, training in semi-professional and technical fields, and adult education.[19] The State Board of Vocational Technical Education has responsibility for post-secondary vocational education and adult vocational education.[20] The degree-granting authority of the State Board is limited in statute. The State Board is allowed to approve a plan for awarding associate degrees only when an associate degree is required by a licensing authority and is offered in cooperation with a collegiate institution. The State Board may approve a plan for awarding an associate degree which is not offered in cooperation with a collegiate institution only if cooperation is not practicable.[21]

Private institutions also must be registered, either to offer degrees through the Minnesota Private Institutions Registration Program or to offer certificates, licenses, or diplomas by being licensed through the State Department of Education.

The governor and legislature influence the distinctiveness of missions when they establish state policies and make decisions on funding for various programs and institutions. These decisions affect both public and private education. The state's financial aid policies, for example, are designed to allow students to select the institution that best meets their educational needs, thus fostering a diversity of educational opportunities in the state. Likewise, the interstate tuition reciprocity program provides greater opportunity to a wider range of alternatives than would be available if students had access only to Minnesota institutions.

The Coordinating Board also promotes distinctiveness in its review of instructional programs and in its analysis of state policy options, which considers mission as a key criterion.

Nevertheless, the post-secondary institutions and systems have broad flexibility in defining their missions.

In essence, private institutions have broad discretion to set their distinctive missions. Within Minnesota this has led to a variety of independent institutions with quite varying purposes.

Within the four public systems, however, there is also considerable flexibility in defining mission. In establishing system missions, the tendency has been for each system to expand its mission to be all inclusive. As a result, the systems do not reflect significantly differentiated missions. This tendency toward commonality was evident in the recent responses of the public systems to the legislative mandate to heighten standards of admission (see Chapter II.C.2). Without exception, the four public systems all indicated that they could not tighten admissions standards because they had accepted responsibility, as part of their mission, to extend educational services to all segments of the citizenry. This is not an unexpected outcome in a state like Minnesota, which seeks to extend the maximum benefit to all of its citizens; inevitably, without coordination, the tendency will be for each governing body to reach out to everyone to ensure that nobody is unserved.

A serious question, however, is whether this approach fosters the efficient use of public funds. The Coordinating Board has addressed this issue in its study of remedial education and in its review and comment of the systems' responses to the admissions standards question. The Board continues to address this serious issue in a continuing dialogue with the systems on their missions.

How does the state, through its appropriations process, promote a diverse system which takes into account the public role of independent institutions and educational resources available in neighboring states?

Historically, the state has promoted the diversity and role of independent institutions through the Private College Contract Program and the State Scholarship and Grant Program. While the 1983 Legislature repealed the Contract Program in statute, it left in place a statement noting the important role served by private colleges in educating significant numbers of Minnesota residents.[22] The action to eliminate the Contract Program was based on decision to increase funding for financial aid and to target available state dollars directly to the most needy students in both the public and private sectors. The shift in policy is designed to promote the state's equal educational opportunity goal and enable all residents, regardless of their financial circumstances, to attend the institution that can best meet their educational needs. The state has maintained a cap on the amount of tuition considered in the award formula, which affects private college students; the new policy, however, with its higher award maximums has made private institutions, which typically have higher tuitions, more affordable to low and middle income students. See Chapter II.B.7 for a discussion of state policy to private post-secondary education.

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[18] *Minn. Stat.* 136.09, 136.036 and 136.045 (1984).

[19] *Minn. Stat.* 136.63 (1984).

[20] *Minn. Stat.* 136C (1983 Supplement).

[21] *Minn. Stat.* 121.218 (1984).

The state further supports a diverse post-secondary system by appropriating money for Minnesota's tuition reciprocity programs with Wisconsin and the Dakotas. The programs are designed to encourage the maximum use of educational facilities and to minimize duplication of educational efforts among participating states and institutions. Funding for the programs is provided by legislative appropriations to the Coordinating Board. Because Minnesota has been a net exporter of students under the programs, it annually has reimbursed the neighboring states.

How do governing boards encourage institutions to develop distinct programs that are consistent with the mission of the systems and that make the most efficient use of limited funds?

Governing boards can encourage institutions to develop distinct programs that are consistent with the mission of the systems through funding and allocation policies, through their program review and planning processes, and through other systemwide policies. The extent to which the boards promote diversity may become more clear as the Coordinating Board's dialogue on mission occurs, as the systems intensify their review of instructional programs with low numbers of graduates, and as they submit their system plans to the Coordinating Board, governor and the 1985 Legislature.

Conclusion: Largely as a result of the 1983 higher education initiatives, Minnesota has made considerable progress in achieving the goals adopted in 1982. The new state funding policies have, in fact, provided incentives for the efficient use of resources. The state through the new policies and funding levels for them has restored a sound funding base after the reductions imposed in the early 1980s. Thus, the state's post-secondary systems and institutions have sufficient resources to offer programs at the high standards consistent with their mission. The new Design for Shared Responsibility in the State Scholarship and Grant Program has enabled the state to make large advances in meeting the equal opportunity goal. And the state has continued to promote diversity by increased funding for the new financial aid policies which benefit students attending both public and private institutions and by its continued support for the tuition reciprocity programs. While progress has occurred in meeting these goals, the 1983 initiatives need to be monitored thoroughly in order to fully assess their effects. Continued development of the Board's data bases will enable it to maintain the policies and continue to answer the questions for each goal. Moreover, improved reporting procedures would better enable the state to monitor its investment in research, which is substantial.

To promote educational effectiveness, however, it will be necessary to define standards of quality and ways to measure the outcomes of the educational process. The Coordinating Board plans to pursue the attainment of this goal.

Another issue requiring additional attention is mission. The public systems and private institutions historically have had distinctive missions. As enrollments and funding conditions change, there may be pressure to expand missions and possibly reduce this distinctiveness. Several Coordinating Board studies during 1984 revealed the effect of mission on post-secondary policies. The Board's dialogue on mission thus is designed to re-examine system mission; this dialogue is expected to help answer how well the diversity goal is being achieved.

A review of the goals indicates that they have provided a valuable foundation for the development of state policies. Continued use of the goals will be useful both in measuring the effects of the 1983 policies over time and in helping determine priorities as new policies are proposed.

3. Comparisons with Other States

a. Introduction

To provide a broader picture of the status of Minnesota post-secondary education, it is useful to compare Minnesota's efforts with those of other states. The data presented below give some indication of Minnesota's ranking nationally in tuition and required fees, financial aid, state appropriations, and student performance.

b. Tuition and Required Fees

Tuition and required fee rates in Minnesota public post-secondary education institutions increased significantly between 1982-83 and 1984-85. The increase was due primarily to the new financing policies for post-secondary education enacted by the 1983 Legislature. The result of increases has been a moderate increase in the ranking of Minnesota public tuition and required fee rates relative to rates at similar institutions in other states. In four of the five comparisons presented below, the rank of tuition and required fee rates at Minnesota institutions rose by five or fewer places between 1982-83 and 1984-85. In the fifth comparison, tuition and required fees for resident graduate students at the state uni-

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[22] *Minn. Stat.* 136A.18 (1983 Supplement).

TABLE I. 26
TUITION AND REQUIRED FEES FOR RESIDENT UNDERGRADUATES AT PUBLIC UNIVERSITIES IN SELECTED STATES BY RANK
1982-83 THROUGH 1984-85[1]

1982-83			1983-84			1984-85		
Rank	State	Rate	Rank	State	Rate	Rank	State	Rate
1	Vermont	$2,466	1	Vermont	$2,613	1	Vermont	$2,793
2	Michigan	2,144	2	Pennsylvania	2,312	2	Pennsylvania	2,562
3	Pennsylvania	2,118	3	Michigan	2,261	3	New Hampshire	2,356
4	New Hampshire	1,956	4	New Hampshire	2,175	4	Michigan	2,350
5	New Jersey	1,678	5	New Jersey	1,834	5	**Minnesota**	1,992
6	**Minnesota**	1,608	6	**Minnesota**	1,792	6	New Jersey	1,878
7	Massachusetts	1,545	7	Rhode Island	1,694	7	Illinois	1,841
8	Rhode Island	1,504	8	Massachusetts	1,684	8	Virginia	1,826
9	Ohio	1,458	9	Illinois	1,651	9	Rhode Island	1,802
10	Maine	1,440	10	Delaware	1,590	10	Delaware	1,799
	National Average	1,136		National Average	1,274		National Average	1,363
24	Wisconsin	1,121	26	Wisconsin	1,198	26	Wisconsin	1,278
28	South Dakota	1,066	28	South Dakota	1,189	27	Iowa	1,242
30	Iowa	1,040	30	Iowa	1,104	30	Utah	1,167
38	North Dakota	804	35	North Dakota	1,020	31	South Dakota	1,164
40	Louisiana	798	40	Arizona	850	35	North Dakota	1,080
50	Texas	452	50	Texas	462	40	Alaska	958
						50	Texas	462

[1] This group consists of the major public doctoral level institutions in each state. Institutions in Alaska and Maine are comprehensive universities.
Source: *Tuition and Fee Rates—A National Comparison*, State of Washington Council for Postsecondary Education.

versities, the rank rose by nine places between 1982-83 and 1984-85.

Tables 26 through 30 present ranked full-time tuition and required fee rates for academic years 1982-83, 1983-84 and 1984-85 for Minnesota public collegiate institutions and similar institutions in selected states. Academic year 1982-83 was the last academic year prior to the adoption of the new financing policies for post-secondary education. Each comparison includes states ranking 1st through 10th, 30th, 40th and last along with Minnesota and its bordering states. The rates paid by Minnesota residents in the border states and by residents of the border states in Minnesota differ from those presented. (See Chapter IV.C.2. on Interstate Tuition Reciprocity.) Comparison data on tuition and required fees at area vocational-technical institutes were not available.

Tables 26 and 27 present tuition and required fee rates at public universities. This group consists of the major public doctoral level institutions in the each state. The rates displayed for Alaska and Maine are for comprehensive universities. The rates displayed for Minnesota are for the University of Minnesota.

The resident undergraduate tuition and required fee rate at the University of Minnesota ranked sixth in the nation in 1982-83 and 1983-84 and moved to fifth in 1984-85. Ranks of undergraduate rates at similar institutions in bordering states ranged between 24 and 38 during the three years. Undergraduate resident rates range from $462 in Texas to $2,793 in Vermont, with a national average of $1,363 in 1984-85.

The University of Minnesota resident graduate tuition and required fee rate ranked eighth in 1982-83 and fifth in 1983-84 and 1984-85. Bordering states' graduate rates in similar institutions ranked between 13th and 35th during the three years. Graduate rates in similar institutions during 1984-85 range from $382 in Texas to $3,466 in Michigan. The 1984-85 national average is $1,548 for graduate residents at public universities.

Tables 28 and 29 present resident undergraduate and graduate tuition and required fee rates at public colleges and state universities. This group consists of 210 public comprehensive and general baccalaureate institutions in 46 states. The rates displayed for Minnesota are the average of Minnesota State University System rates, excluding Metropolitan State University.

The State University System resident undergraduate rate ranked 18th in the nation in 1982-83 and 13th in 1983-84 and 1984-85. Ranks of undergraduate rates at similar institutions in bordering states ranked between 15th and 37th during the three years. Texas has the lowest undergraduate rate at $477 and Vermont the highest at $2,025 in 1984-85. The 1984-85 national average for undergraduate residents is $1,121.

Graduate resident rates at the state universities ranked 31st in 1982-83, 25th in 1983-84 and 22nd in 1984-85.

TABLE I. 27
TUITION AND REQUIRED FEES FOR RESIDENT GRADUATES AT PUBLIC UNIVERSITIES IN SELECTED STATES BY RANK 1982-83 THROUGH 1984-85[1]

1982-83			1983-84			1984-85		
Rank	State	Rate	Rank	State	Rate	Rank	State	Rate
1	Michigan	$2,966	1	Michigan	$3,246	1	Michigan	$3,466
2	Vermont	2,466	2	Vermont	2,613	2	Vermont	2,793
3	Pennsylvania	2,256	3	Pennsylvania	2,464	3	Pennsylvania	2,730
4	New Jersey	2,165	4	New Jersey	2,379	4	New Jersey	2,460
5	Oregon	2,043	5	**Minnesota**	2,365	5	**Minnesota**	2,412
6	New Hampshire	1,885	6	New York	2,220	6	New Hampshire	2,278
7	Ohio	1,881	7	Oregon	2,096	7	Illinois	2,226
8	**Minnesota**	1,814	8	New Hampshire	2,035	8	New York	2,220
9	Massachusetts	1,750	9	Ohio	2,010	9	Ohio	2,154
10	New York	1,749	10	Illinois	1,900	10	Oregon	2,105
13	Wisconsin	1,567	16	Wisconsin	1,675	17	Wisconsin	1,788
	National Average	1,255		National Average	1,434		National Average	1,548
23	Iowa	1,200	25	South Dakota	1,361	24	Iowa	1,472
29	South Dakota	1,071	27	Iowa	1,280	29	South Dakota	1,353
30	Alaska	988	30	North Dakota	1,152	30	Alaska	1,318
35	North Dakota	912	40	Florida	950	34	North Dakota	1,224
40	Louisiana	798	50	Texas	382	40	Florida	1,044
50	Texas	450				50	Texas	382

[1] This group consists of the major public doctoral level institutions in each state. Institutions in Alaska and Maine are comprehensive universities.

Source: *Tuition and Fee Rates—A National Comparison,* State of Washington Council for Postsecondary Education.

TABLE I. 28
AVERAGE TUITION AND REQUIRED FEES FOR RESIDENT UNDERGRADUATES AT PUBLIC COLLEGES AND STATE UNIVERSITIES IN SELECTED STATES BY RANK 1982-83 THROUGH 1984-85[1]

1982-83			1983-84			1984-85		
Rank	State	Rate	Rank	State	Rate	Rank	State	Rate
1	Vermont	$1,639	1	Vermont	$1,841	1	Vermont	$2,025
2	Pennsylvania	1,627	2	Pennsylvania	1,642	2	Pennsylvania	1,736
3	Ohio	1,468	3	Ohio	1,614	3	Virginia	1,731
4	New Hampshire	1,448	4	New Hampshire	1,588	4	New Hampshire	1,720
5	Maine	1,360	5	Virginia	1,504	5	Ohio	1,689
6	Michigan	1,359	6	Michigan	1,474	6	Michigan	1,558
7	Oregon	1,351	7	Maine	1,453	7	New Jersey	1,509
8	Virginia	1,327	8	New York	1,452	8	New York	1,475
9	Indiana	1,275	9	New Jersey	1,396	9	Indiana	1,459
10	New Jersey	1,239	10	Oregon	1,392	10	Maine	1,453
15	Wisconsin	1,041	13	**Minnesota**	1,216	13	**Minnesota**	1,402
16	South Dakota	993	15	South Dakota	1,118	15	Wisconsin	1,206
17	Iowa	990	16	Wisconsin	1,104	17	Iowa	1,184
18	**Minnesota**	950	21	Iowa	1,050	19	South Dakota	1,124
	National Average	942		National Average	1,044		National Average	1,121
30	Florida	795	29	North Dakota	862	30	Nebraska	958
37	North Dakota	699	30	Arizona	850	32	North Dakota	913
40	Montana	656	40	Tennessee	740	40	Arkansas	798
46	Texas	397	46	Texas	477	46	Texas	477

[1] This group consists of 210 public comprehensive and general baccalaureate institutions in 46 states.

Source: *Tuition and Fee Rates—A National Comparison,* State of Washington Council for Postsecondary Education. Rate for 1982-83 is revised from that shown in the publication for Minnesota.

TABLE I. 29
AVERAGE TUITION AND REQUIRED FEES FOR RESIDENT GRADUATES AT PUBLIC COLLEGES AND STATE UNIVERSITIES IN SELECTED STATES BY RANK 1982-83 THROUGH 1984-85[1]

1982-83			1983-84			1984-85		
Rank	State	Rate	Rank	State	Rate	Rank	State	Rate
1	Oregon	$2,025	1	New York	$2,220	1	New York	$2,220
2	Ohio	1,882	2	Ohio	2,087	2	Ohio	2,187
3	New York	1,766	3	Oregon	2,069	3	Oregon	2,086
4	Vermont	1,639	4	Vermont	1,841	4	New Jersey	2,057
5	Maine	1,570	5	Michigan	1,668	5	Vermont	2,025
6	Pennsylvania	1,562	6	Maine	1,666	6	New Hampshire	1,720
7	New Jersey	1,530	7	New Jersey	1,662	7	Pennsylvania	1,685
8	New Hampshire	1,448	8	New Hampshire	1,588	8	Michigan	1,674
9	Washington	1,320	9	Pennsylvania	1,580	9	Maine	1,666
10	Wisconsin	1,280	10	Washington	1,428	10	Virginia	1,666
17	Iowa	1,070	13	Wisconsin	1,361	11	Wisconsin	1,499
	National Average	1,011	14	South Dakota	1,299	16	Iowa	1,320
19	South Dakota	1,011	18	Iowa	1,140	21	South Dakota	1,273
28	North Dakota	813		National Average	1,129		National Average	1,230
30	Georgia	800	24	North Dakota	1,041	22	**Minnesota**	1,178
31	**Minnesota**	791	25	**Minnesota**	1,021	24	North Dakota	1,122
40	Louisiana	645	30	Kansas	933	30	Mississippi	1,043
46	Texas	397	40	California	734	40	Montana	810
			46	Texas	384	46	Texas	384

[1] This group consists of 210 public comprehensive and general baccalaureate institutions in 46 states.
Source: *Tuition and Fee Rates—A National Comparison*, State of Washington Council for Postsecondary Education. Rates for 1982-83 and 1983-84 are revised from those in the publication for Minnesota.

TABLE I. 30
AVERAGE TUITION AND REQUIRED FEES FOR RESIDENTS AT PUBLIC COMMUNITY COLLEGES IN SELECTED STATES BY RANK 1982-83 THROUGH 1984-85[1]

1982-83			1983-84			1984-85		
Rank	State	Rate	Rank	State	Rate	Rank	State	Rate
1	New York	$1,075	1	New York	$1,107	1	New York	$1,190
2	Indiana	1,010	2	Indiana	1,074	2	Indiana	1,126
3	Wisconsin	927	3	**Minnesota**	1,013	3	**Minnesota**	1,103
4	Pennsylvania	880	4	Wisconsin	950	4	Ohio	998
5	Ohio	868	5	Pennsylvania	937	5	Wisconsin	984
6	Vermont	828	6	Ohio	923	6	Vermont	960
7	North Dakota	826	7	Vermont	910	7	Pennsylvania	937
8	**Minnesota**	821	8	North Dakota	850	8	North Dakota	880
9	Michigan	740	9	Massachusetts	784	9	Massachusetts	836
10	Massachusetts	720	10	New Jersey	773	10	New Jersey	818
14	Iowa	639	13	Iowa	699	12	Iowa	816
	National Average	546		National Average	597		National Average	637
30	Arkansas	495	30	Kansas	540	30	Florida	557
40	Montana	363	40	Wyoming	405	40	Oklahoma	433
48	California	0	48	California	30	48	California	100

[1] These rates are the average for community colleges in 48 states. The rates for Arkansas and Montana are for district rather than state residents.
Source: *Tuition and Fee Rates—A National Comparison*, State of Washington Council for Postsecondary Education.

TABLE I. 31
TOTAL APPROPRIATIONS, NEED BASED FINANCIAL AID FOR UNDERGRADUATES
SELECTED STATES, FISCAL YEARS 1982-83 AND 1983-84

Fiscal Year 1982-83			Fiscal Year 1983-84		
Rank	State	Dollars in Thousands	Rank	State	Dollars in Thousands
1	New York	$299,880	1	New York	$327,320
2	Illinois	93,515	2	Illinois	104,589
3	Pennsylvania	87,644	3	California	89,025
4	California	82,753	4	Pennsylvania	86,039
5	New Jersey	45,690	5	New Jersey	49,679
6	Ohio	35,077	6	**Minnesota**	45,114
7	Michigan	30,499	7	Ohio	40,000
8	Wisconsin	23,040	8	Michigan	30,632
9	**Minnesota**	22,932	9	Massachusetts	27,101
10	Texas	21,811	10	Texas	25,530
11	Iowa	17,529	11	Wisconsin	23,523
20	Tennessee	7,221	13	Iowa	20,268
30	Virginia	4,000	20	Washington	7,398
40	New Mexico	1,000	30	Virginia	4,079
41	North Dakota	699	40	Nebraska	860
45	South Dakota	531	41	North Dakota	665
51	Wyoming	204	49	South Dakota	270
			51	Alaska	191

Source: National Association of State Scholarship and Grant Programs, *15th Annual Survey Report, 1983-84 Academic Year*

Graduate resident rates at similar institutions in bordering states ranked between 10th and 28th during the three years. The lowest graduate rates in 1984-85 are $384 in Texas and the highest are $2,220 in New York. The 1984-85 national average graduate resident rate for public colleges and state universities is $1,230.

Table 30 displays resident tuition and required fees at public community colleges. The rates are an average for each of 48 states. The rates for Arkansas and Montana are for district rather than state residents. Minnesota rates are those for the Minnesota Community College System.

The Community College System rate ranked eighth nationally in 1982-83 and third in 1983-84 and 1984-85. Resident tuition and required fee rates at similar institutions in bordering states ranked between 3rd and 14th during the three years. In 1984-85 California has the lowest rate at $100 and New York has the highest rate at $1,190. The 1984-85 national average rate for public community colleges is $637.

c. Financial Aid Trends

Minnesota's national stature in providing need-based financial aid for undergraduate students has been enhanced as a result of the new financing policies for post-secondary education enacted by the 1983 Legislature. Minnesota's ranking compared to other states has increased moderately in four categories and dramatically in a fifth category.

Tables 31 through 35 present rankings in five categories of undergraduate need based financial aid for Fiscal Years 1983 and 1984. Fiscal Year 1983 was the last fiscal year prior to the implementation of the new financing policies for post-secondary education. Each comparison includes states ranking 1st through 10th, 20th, 30th, 40th and last along with Minnesota and its bordering states. The data for Fiscal Year 1984 are estimated for all states except Minnesota.

Table 31 presents total appropriations for need based financial aid for undergraduates. Minnesota ranked ninth in 1983 and sixth in 1984. Minnesota's increase from $22,932,000 in 1983 to $45,114,000 in 1984 was a 96.73 percent increase, the largest in the nation. Bordering states' appropriations ranked from eighth through forty-ninth. Total appropriations during 1984 ranged from $191,000 in Alaska to $327,320,000 in New York. The aggregate level of appropriations is influenced by many variables such as size of student population in the state or state policies regarding private post-secondary education.

Table 32 presents number of awards for need based financial aid for undergraduates. Minnesota ranked eighth with 41,053 awards in 1983 and seventh in 1984 with 52,130 awards. Bordering states ranked from 7th through 44th during 1983 and 1984. The number of awards in 1984 ranged from 127 in Alaska to 332,500 in New York. As with total appropriations, the number of awards in each state is determined by many variables.

Table 33 presents average awards for need based undergraduate financial aid. Minnesota ranked 33rd in 1983 with an average of $559 and 10th in 1984 with an average of $865. Border states' rankings ranged from 3 to 49 during 1983 and 1984. The av-

TABLE I. 32
NUMBER OF AWARDS, NEED BASED FINANCIAL AID FOR UNDERGRADUATES SELECTED STATES, FISCAL YEARS 1982-83 AND 1983-84

Fiscal Year 1982-83			Fiscal Year 1983-84		
Rank	State	Number of Awards	Rank	State	Number of Awards
1	New York	332,500	1	New York	332,500
2	Pennsylvania	119,529	2	Pennsylvania	120,140
3	Illinois	107,438	3	Illinois	119,350
4	New Jersey	71,775	4	New Jersey	72,480
5	California	62,886	5	Ohio	63,000
6	Ohio	55,556	6	California	62,763
7	Wisconsin	42,149	7	**Minnesota**	52,130
8	**Minnesota**	41,053	8	Indiana	41,202
9	Indiana	37,500	9	Wisconsin	34,341
10	Michigan	30,469	10	Massachusetts	32,710
19	Iowa	14,529	18	Iowa	13,811
20	Georgia	13,854	20	Georgia	12,800
30	North Carolina	7,150	30	North Carolina	6,003
38	North Dakota	1,740	40	North Dakota	1,550
40	New Hampshire	1,637	44	South Dakota	1,273
43	South Dakota	1,277	51	Alaska	127
51	Alaska	155			

Source: National Association of State Scholarship and Grant Programs, *15th Annual Survey Report, 1983-84 Academic Year.*

TABLE I. 33
AVERAGE AWARD, NEED BASED FINANCIAL AID FOR UNDERGRADUATES SELECTED STATES, FISCAL YEARS 1982-83 AND 1983-84

Fiscal Year 1982-83			Fiscal Year 1983-84		
Rank	State	Average Award	Rank	State	Average Award
1	South Carolina	$1,666	1	South Carolina	$1,797
2	Alaska	1,458	2	Alaska	1,504
3	District of Columbia	1,384	3	Iowa	1,468
4	California	1,316	4	California	1,418
5	Iowa	1,188	5	District of Columbia	1,153
6	Missouri	1,058	6	Texas	1,059
7	Michigan	1,001	7	New York	984
8	New York	902	8	Michigan	965
9	Texas	889	9	Illinois	876
10	Illinois	870	10	**Minnesota**	865
	National Average	774		National Average	834
20	Utah	710	20	Utah	710
30	Nebraska	582	26	Wisconsin	685
33	**Minnesota**	559	30	Ohio	635
35	Wisconsin	547	40	Tennessee	485
40	Montana	444	43	North Dakota	429
42	South Dakota	416	49	South Dakota	212
44	North Dakota	402	51	Maine	169
51	Arkansas	179			

Source: National Association of State Scholarship and Grant Programs, *15th Annual Survey Report, 1983-84 Academic Year.*

TABLE I. 34
APPROPRIATIONS PER UNDERGRADUATE STUDENT, NEED BASED FINANCIAL AID FOR UNDERGRADUATES
SELECTED STATES, FISCAL YEARS 1982-83 AND 1983-84

Fiscal Year 1982-83			Fiscal Year 1983-84		
Rank	State	Dollars	Rank	State	Dollars
1	New York	$416	1	New York	$446
2	Vermont	286	2	Vermont	311
3	Pennsylvania	212	3	**Minnesota**	214
4	New Jersey	193	4	New Jersey	212
5	Illinois	182	5	Pennsylvania	202
6	Iowa	142	6	Illinois	198
7	Rhode Island	125	7	Iowa	163
8	**Minnesota**	111	8	Rhode Island	132
9	South Carolina	108	9	South Carolina	114
10	Wisconsin	104		National Average	107
	National Average	98	10	Indiana	107
20	Kentucky	56	11	Wisconsin	105
30	District of Columbia	24	20	Colorado	56
32	North Dakota	22	30	Georgia	24
38	South Dakota	19	34	North Dakota	21
40	Nebraska	14	40	Utah	13
51	Louisiana	10	50	South Dakota	10
			51	Nevada	9

Source: National Association of State Scholarship and Grant Programs, *15th Annual Survey Report, 1983-84 Academic Year.*

erage award in 1984 ranged from $169 in Maine to $1,797 in South Carolina. The average award for the nation was $774 in 1983 and $834 in 1984.

Table 34 presents appropriations for need based financial aid for undergraduates per undergraduate student. The objective of this table is to relate each state's appropriations to its pool of eligible students. Total undergraduate students is the best available measure of the pool of eligible students. This measure probably overestimates the number of eligible students for the states. Undergraduate headcount includes non-residents who are not eligible in most states and part-time students who are not eligible in some states.

Minnesota ranked eighth in 1983 with $111 and third in 1984 with $214 in need based financial aid appropriations per student. Bordering states ranked from sixth through fiftieth during the two-year period. Appropriations per student ranged from a high of $446 in New York to a low of $9 in Nevada in 1984. The 1984 national average was $107.

Table 35 presents number of awards for undergraduate need based financial aid as a percent of undergraduate students. In comparing awards to the number of undergraduate students, the limitations are the same as those mentioned in the discussion of Table 34 above.

Number of awards for need based undergraduate financial aid as a percent of undergraduate students in Minnesota ranked seventh at 19.8 percent in 1983 and fifth at 24.7 percent in 1984. The percentages in bordering states ranked from eighth to thirty-second during the two years. The range of percentages was from 45.3 percent in New York to 1.2 percent in Alaska in 1984. Number of awards as a percent of undergraduate students for all states was 12.8 percent in 1984.

In 1983 Minnesota ranked among the top 10 states on four of the five need based undergraduate financial aid comparisons presented above. As a result of the new financing policies, Minnesota's rank on each measure has improved, and the state ranks among the top 10 on all five measures. Thus, Minnesota, already a national leader in providing need based undergraduate financial aid, has enhanced its stature in the current biennium.

d. State Appropriations Rankings

Minnesota ranks high nationally in appropriations for operating expenses. The state ranked sixth in 1983-84 (Fiscal Year 1984) appropriations per capita with $147.77 per person compared to the national average of $115.29, as shown in Table 36. In 1984-85 (Fiscal Year 1985) Minnesota ranks ninth in this category with $151.31 per person compared to the national average of $120.88. In 1981-82 Minnesota was eighth.

In appropriations per $1,000 of personal income, Minnesota ranked 10th nationally in 1983-84 with $13.07 compared to a national average of $10.45, as shown in Table 37. In 1984-85 Minnesota was 13th with $12.70 compared to the national average of $10.28. In 1981-82 Minnesota was 12th.

TABLE I. 35
NUMBER OF AWARDS AS A PERCENTAGE OF UNDERGRADUATE STUDENTS, NEED BASED FINANCIAL AID FOR UNDERGRADUATES, SELECTED STATES FISCAL YEARS 1982-83 AND 1983-84

Fiscal Year 1982-83			Fiscal Year 1983-84		
Rank	State	Percentage	Rank	State	Percentage
1	New York	46.1%	1	New York	45.3%
2	Vermont	35.4	2	Vermont	39.9
3	New Jersey	30.3	3	New Jersey	31.0
4	Pennsylvania	29.0	4	Pennsylvania	28.3
5	Illinois	20.9	5	**Minnesota**	24.7
6	Rhode Island	20.6	6	Illinois	22.6
7	**Minnesota**	19.8	7	Rhode Island	21.2
8	Wisconsin	19.0	8	Indiana	19.5
9	Indiana	18.1	9	Kentucky	18.2
10	Arkansas	15.9	10	Arkansas	16.3
	National Average	12.7	11	Wisconsin	15.3
15	Iowa	11.9		National Average	12.8
20	Georgia	8.8	16	Iowa	11.1
26	North Dakota	5.6	20	Maine	8.5
30	California	4.6	30	North Dakota	4.8
32	South Dakota	4.5	32	South Dakota	4.6
40	Montana	2.9	40	Louisiana	2.5
51	Alabama	1.4	51	Alaska	1.2

Source: National Association of State Scholarship and Grant Programs, *15th Annual Survey Report, 1983-84 Academic Year.*

TABLE I. 36
STATE APPROPRIATIONS FOR POST-SECONDARY EDUCATION PER CAPITA 1983-84 AND 1984-85

1983-84[1]			1984-85[2]		
	State	Amount		State	Amount
1.	Alaska	$340.30	1.	Alaska	$366.02
2.	Wyoming	198.39	2.	Wyoming	197.61
3.	Hawaii	181.82	3.	Hawaii	193.82
4.	North Dakota	161.55	4.	North Dakota	162.52
5.	Texas	149.38	5.	North Carolina	160.70
6.	**Minnesota**	147.77	6.	New Mexico	159.81
7.	North Carolina	143.73	7.	California	153.08
8.	New Mexico	137.23	8.	Texas	151.81
9.	Mississippi	134.54	9.	**Minnesota**	151.31
10.	Washington		10.	Kansas	142.57
	National Average	$115.29		National Average	$120.88

Sources:
[1] *The Chronicle of Higher Education* (October 26, 1983).
[2] *The Chronicle of Higher Education* (October 31, 1984).

Minnesota ranked 11th in 1983-84 appropriations with $612,209,000, as shown in Table 38. In 1984-85 Minnesota was 12th with $626,879,000. Due to reporting errors and changes by many states in response to budget cuts caused by fiscal problems, it was difficult to compare figures for this biennium with 1982-83.

Between 1974-75 and 1984-85, Minnesota ranked 21st with a 155 percent increase in appropriations. The national average increase was 148 percent. Adjusted for inflation, Minnesota showed a 21 percent increase for the decade.

The data are based on appropria-

TABLE I. 37
APPROPRIATIONS FOR POST-SECONDARY EDUCATION PER $1,000 OF PERSONAL INCOME
1983-84 AND 1984-85

1983-84[1]			1984-85[2]		
	State	Amount		State	Amount
1.	Alaska	$20.85	1.	Alaska	$20.26
2.	Mississippi	16.80	2.	Wyoming	16.45
3.	Wyoming	16.64	3.	New Mexico	16.37
4.	North Carolina	15.23	4.	North Carolina	16.13
5.	Hawaii	15.17	5.	Mississippi	15.58
6.	New Mexico	14.83	6.	Utah	15.54
7.	North Dakota	14.12	7.	Hawaii	15.14
8.	Utah	14.10	8.	South Carolina	15.04
9.	South Carolina	13.82	9.	Alabama	13.73
10.	**Minnesota**	13.07	10.	North Dakota	13.70
			13.	**Minnesota**	12.70
	National Average	$10.45		National Average	$10.28

Sources:
[1] *The Chronicle of Higher Education (October 25, 1983).*
[2] *The Chronicle of Higher Education (October 31, 1984).*

TABLE I. 38
STATE APPROPRIATIONS FOR POST-SECONDARY EDUCATION
1983-84 AND 1984-85

1983-84[1]			1984-85[2]		
	State	Amount		State	Amount
1.	California	$3,150,376,000	1.	California	$3,809,748,000
2.	Texas	2,282,342,000	2.	Texas	2,364,774,000
3.	New York	2,166,908,000	3.	New York	2,356,410,000
4.	Illinois	1,106,007,000	4.	Illinois	1,181,657,000
5.	Florida	956,258,000	5.	Florida	1,026,655,000
6.	Pennsylvania	902,253,000	6.	Michigan	1,005,862,000
7.	Michigan	887,471,000	7.	Pennsylvania	985,049,000
8.	Ohio	883,761,000	8.	North Carolina	960,343,000
9.	North Carolina	864,658,000	9.	Ohio	954,860,000
10.	Virginia	617,283,000	10.	Virginia	707,867,000
11.	**Minnesota**	612,209,000	12.	**Minnesota**	626,879,000

Sources:
[1] *The Chronicle of Higher Education* (October 26, 1983).
[2] *The Chronicle of Higher Education* (October 31, 1984).

tions to the University of Minnesota, state universities, AVTIs, community colleges, Mayo Medical School, student aid and the Coordinating Board. They exclude appropriations for adult vocational education. The data were compiled by M. M. Chambers, professor of educational administration at Illinois State University and included in November reports of the National Association of State Universities and Land Grant Colleges in 1983 and 1984; summaries were provided in *The Chronicle of Higher Education.*

e. Student Performance

Introduction: A review of Minnesota test scores and those in other states can help assess student performance, although comparisons may be difficult because of differences in the size and nature of the test-taking population.

A study for the Minnesota Business Partnership, Inc. concluded that the state's education performance appears to be declining along with the nation's. Although Minnesota students' performance is still strong, it is not as strong as it once was; and it appears to be weakening.[23]

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[23] Berman, Weiler Associates, An Assessment of Minnesota K-12 Education, *Student Performance in Minnesota,* Volume 1, Summary and Volume 2, Findings (February 1984).

TABLE I.39
MINNESOTA AND NATIONAL MEAN SCORES ON PSAT/NMSQT HIGH SCHOOL JUNIORS, 1973-74—1983-84

Year	Minnesota Participation Number	National Participation Number	Mean Verbal Score		Mean Math Score	
			Minnesota	National	Minnesota	National
1973-74	24,834	1,052,523	43.1	41.8	48.0	45.5
1974-75	24,623	1,079,769	42.7	41.6	48.5	45.9
1975-76	26,280	1,098,035	42.0	41.0	48.0	45.5
1976-77	27,859	1,106,128	41.0	40.5	46.8	45.0
1977-78	25,783	1,137,017	40.2	39.9	46.4	44.2
1978-79	26,418	1,120,931	40.9	40.6	47.0	44.8
1979-80	26,879	1,115,819	40.8	40.3	47.7	45.3
1980-81	26,869	1,122,997	41.2	40.6	47.4	45.2
1981-82	27,311	1,103,566	41.9	41.5	46.9	45.1
1982-83	27,962	1,078,511	41.9	41.1	46.8	44.7
1983-84	29,598	1,136,886	41.2	40.9	46.4	44.7

SOURCE: Midwestern Regional Office, The College Board.

TABLE I. 40
MATH SAT SCORES, 1982-83 AND 1983-84

1982-83				1983-84			
Rank	State	SAT Mean	% Graduates Taking SAT (1981)	Rank	State	SAT Mean	% Taking SAT
1.	Iowa	573	3%	1.	Iowa	570	3
2.	North Dakota	560	3	2.	South Dakota	566	3
3.	South Dakota	560	3	3.	North Dakota	554	3
4.	Nebraska	546	6	4.	Kansas	549	5
5.	Utah	545	3	5.	Nebraska	548	6
6.	Kansas	540	5	6.	Wyoming	545	5
7.	**Minnesota**	538	7	7.	Montana	544	9
8.	Montana	535	8	8.	Utah	542	4
9.	Wisconsin	533	10	9.	**Minnesota**	539	7
10.	Wyoming	530	6	10.	Wisonsin	532	10
	National	468			National	471	

Source: The College Board

PSAT/NMSQT: Minnesota vs. National: Since the mid-1970s, Minnesota scores on the PSAT/NMSQT have fluctuated slightly and have exceeded the national average on both the verbal and math portions, as indicated in Table 39.

The average Minnesota verbal score was 41.2 in fall 1983 after holding at 41.9 the two previous years. Nationally, the average verbal score dropped from 41.1 to 40.9. Scores are on a scale of 20 to 80.

The average Minnesota math score fell from 46.8 in 1982 to 46.4 in 1983, marking the fourth straight decline. Nationally, the average math score was 44.7, the same as in 1983.

The PSAT is an objective test that measures developed verbal and math aptitudes shown to be related to achievement in post-secondary settings; the test does not assess performance in school subject matters but rather students' abilities to reason with facts and concepts.

Comparisons based on PSAT data may be more reliable than scores from other tests because in Minnesota 40 percent of the state's high school juniors took the PSAT in 1982-83 while 34 percent in the midwestern states and 33 percent nationally took the test. Most Minnesota college bound students take the PSAT because most post-secondary education institutions in Minnesota accept it for admission.

SAT: Comparisons based on Scholastic Aptitude Test (SAT) scores may be misleading because a low percentage of Minnesota high

TABLE I. 41
VERBAL SAT SCORES, 1982-83 AND 1983-84

Rank	State	SAT Mean	% Graduates Taking SAT (1981)	Rank	State	SAT Mean	% Taking SAT
1.	Iowa	520	3%	1.	South Dakota	520	3%
2.	South Dakota	517	3	2.	Iowa	519	3
3.	Utah	508	3	3.	Utah	503	4
4.	North Dakota	505	3	4.	Kansas	502	5
5.	Kansas	498	5	5.	North Dakota	500	3
6.	Nebraska	494	6	6.	Nebraska	493	6
7.	Wyoming	492	6	7.	Montana	490	3
8.	Oklahoma	489	5	8.	Wyoming	489	5
9.	New Mexico	484	8	9.	New Mexico	487	8
10.	Tennessee	483	8	10.	Tennessee	486	8
11.	Arkansas	482	4	13.	**Minnesota**	481	8
11.	**Minnesota**	482	7		National	426	
	National	425					

Source: The College Board

school graduates (nine percent in 1982-83) take the SAT compared to the national average (33 percent).

Tables 40 and 41 show state rankings on SAT verbal and math scores for 1982-83 and 1983-84. The Minnesota average is higher than either the national average or average for midwestern states. Most Minnesota students who take the SAT plan to attend the most selective colleges in Minnesota as well as nationally and thus include the most able students. The SAT mean scores for Minnesota students were 538 in 1982-83 and 539 in 1983-84 on the math test. In the verbal test, the scores were 482 in 1982-83 and 481 in 1983-84 on a 200-800 scale. Looking at the scores a different way, the study for the Business Partnership found that of 21 states where 10 percent or less of the students took the test, Minnesota in 1982-83 ranked about midway in the verbal area (tied for 11th with Arkansas) and higher in mathematics (in seventh place). In reviewing SAT scores between 1972-73 and 1982-83, the study found a marked decline in Minnesota's average verbal score and a slight decline in math, suggesting a decline in performance among Minnesota's top scoring students.

4. Comparison with Other State Services

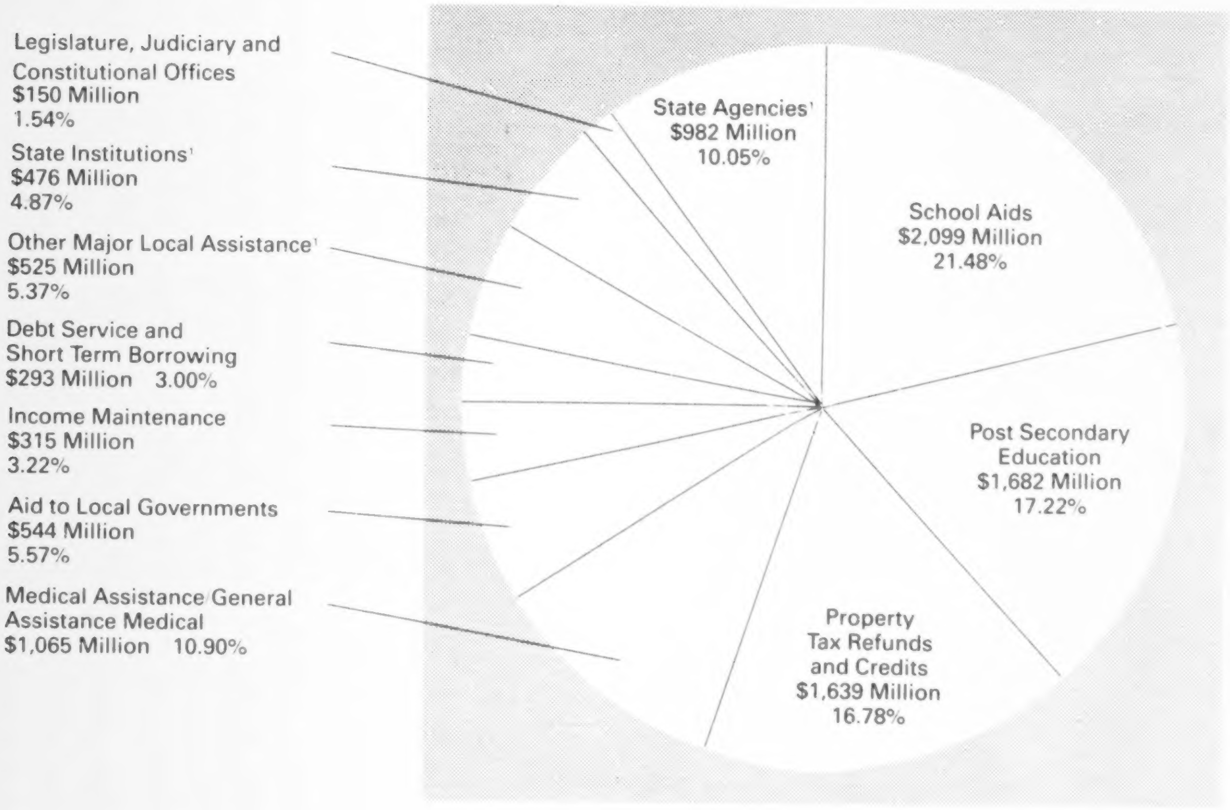
Total state general fund expenditures in the 1983-85 biennium are $9.770 billion. Figure 8 displays the distribution of these expenditures by major categories. In the largest category, school aids, the $2,099 million in spending accounts for 21.48 percent of state general fund expenditures. Post-secondary education expenditures, the second largest category, are $1,682 million, or 17.22 percent of the total. Thus, 38.70 percent of state general fund expenditures are for education.

Figure 9 displays post-secondary education expenditures as a percent of Minnesota general fund expenditures for the past 10 years. Expenditures for post-secondary education include state appropriations, tuition revenue and other receipts. This category includes expenditures for the University of Minnesota, the State University System, the Community College System, the area vocational technical institutes, adult vocational education, and the Higher Education Coordinating Board.

These expenditures have constituted an increasing percentage of the state's general fund expenditures. The percentage of the general fund going to post-secondary education has varied from a low of 15.13 percent in Fiscal Year 1976 to a high of 17.41 percent in Fiscal Year 1984. The effects of the state's financial crisis in Fiscal Years 1981 through 1983 contributed to the decrease in Fiscal Year 1981 and the increase in Fiscal Year 1983 in post-secondary education's share of the general fund. In Fiscal Year 1983 total general fund expenditures declined compared to Fiscal Year 1982, due to spending reductions and spending shifts. Since post-secondary education spending did not decline, the post-secondary percentage rose. The increase in Fiscal Year 1984 reflects the state's new financing policies for post-secondary education, which were approved by the 1983 Legislature.

FIGURE I.8

STATE OF MINNESOTA GENERAL FUND EXPENDITURES
BY MAJOR CATEGORIES
1983-85 BIENNIUM



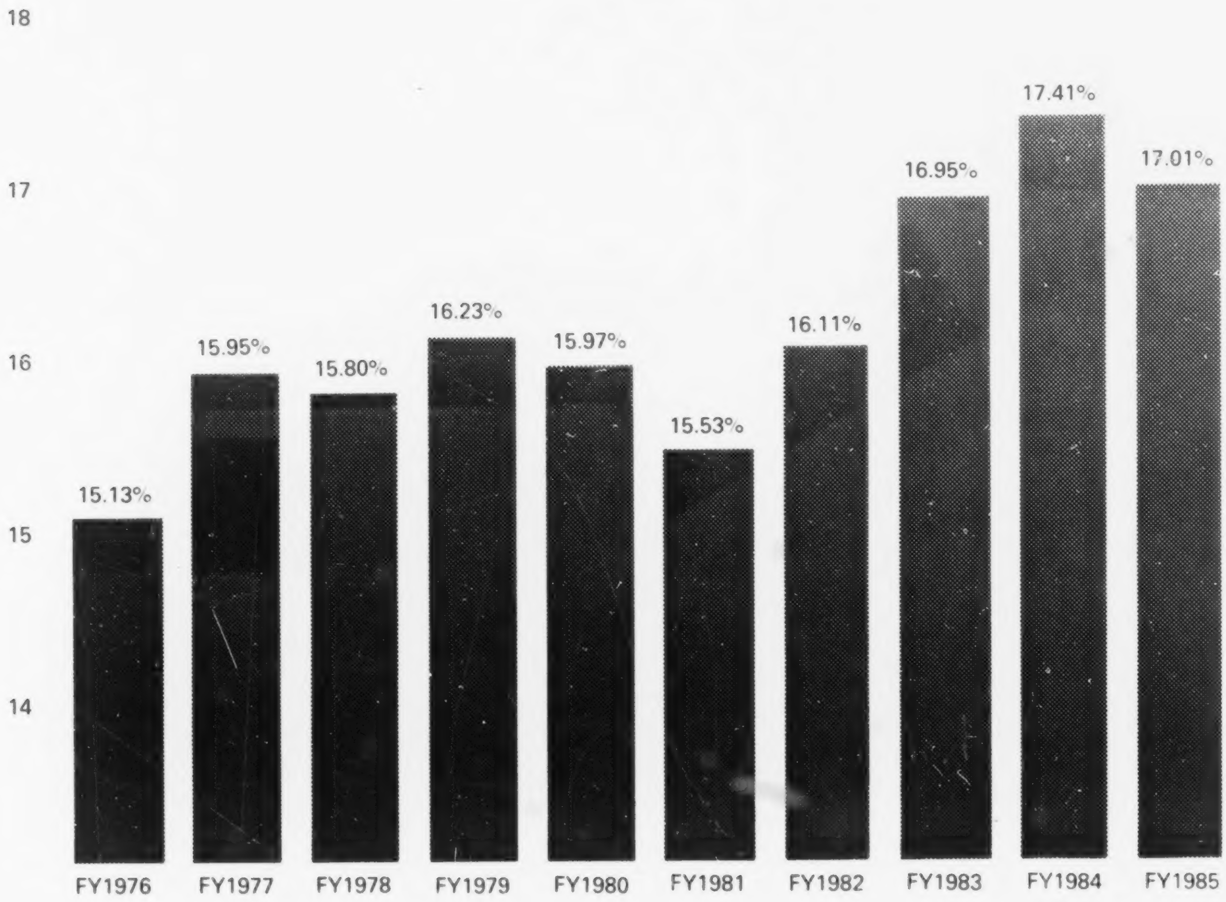
[1] Biennial expenditures estimated.

Total General Fund Expenditures
$9,770 Million

SOURCE: Minnesota Department of Finance.

FIGURE I.9

POST-SECONDARY EDUCATION EXPENDITURES AS A PERCENT
OF MINNESOTA GENERAL FUND EXPENDITURES
FISCAL YEARS 1976 THROUGH 1985



SOURCE: Minnesota Department of Finance.

CURRENT POLICY AND BEYOND

II

II

A. INTRODUCTION

The 1983 Minnesota Legislature, acting on the proposals of Governor Rudy Perpich, adopted an innovative state-level design for the future of Minnesota post-secondary education. It includes a package of interrelated policies to promote quality programs, efficient use of resources, and equality of opportunity for students. The design was developed over a two-year period in which all the major elements of the state's existing approach to post-secondary education were assessed thoroughly. All the major decisionmaking groups actively participated.

The policies were developed in response to changing demographic and financial conditions and in recognition of the need for post-secondary education to contribute to the state's economic redevelopment. The new policies address:

state funding for public post-secondary education systems.

tuition revenue in public post-secondary education systems.

financial aid to students in all post-secondary education institutions.

authority of the lay governing boards of the public post-secondary systems.

interstate tuition reciprocity.

These policies were funded by a $1.08 billion 1983 appropriations act which included support for several high technology items.

The 1983 Legislature emphasized two other themes in post-secondary education. First, was the attention given to system plans for dealing with a projected statewide enrollment decline of up to 17 percent in the public sector by the mid 1990s and required continuation of the planning process during the next two years. Second, was the focus on quality at all levels of education, ranging from curriculum in elementary and secondary education to admissions criteria in post-secondary education.

This chapter reviews the 1983 initiatives and some of their effects, examines policy issues related to enhancing quality, and describes efforts to plan for the future.

B. 1983 HIGHER EDUCATION INITIATIVES

1. Introduction

The 1983 package of interrelated governance and finance initiatives focuses on four of the state's goals for post-secondary education. They are:

the preservation and enhancement of the quality of instructional programs;

efficient use of resources in the provision of instructional programs;

equity in the provision of state support for public post-secondary education systems; and

access to post-secondary education.

The five policies are described in this section. They are:

Average Cost Funding—This policy is used to determine state appropriations for Minnesota's four public post-secondary education systems. It relates state funding for each system to the number of students served by that system and the system's cost of serving those students. The policy is intended to promote the goals of quality, efficient use of resources, and equity in providing post-secondary education services.

Uniform Cost-Related Tuition Policy—This policy determines tuition revenue expected of each system as a function of instructional expenditures. As adopted, the policy assumes that tuition revenue will range from 25 to 32 percent of instructional expenditures by 1985. Through significant increases in tuition rates, the policy provides a higher level of funding for the post-secondary education systems than otherwise would have been possible given the state's fiscal constraints. The policy establishes system-level tuition revenue based on instructional expenditures derived via average cost funding. Governing boards, however, can set tuition rates. This tuition policy is designed to achieve the goals of quality, efficient use of resources, and equity.

Design for Shared Responsibility in Financial Aid—This policy targets state scholarships and grants to students with the greatest need and defines the responsibilities of students, parents and government in paying for post-secondary education. As the primary beneficiaries of their education, students are expected to assume responsibility for 50 percent of their cost of attendance. Students can finance their share of the costs with earnings, savings, loans, or other forms of assistance. The remaining costs of attendance are to be met by a parental contribution, calculated by a national need analysis, and a combination of the federal Pell Grant and a state grant. The policy enhances the opportunity for needy students to attend the institution of their choice. The policy is fully funded in the 1983-85 biennium for students attending public institutions. Full funding for students in private institutions will be phased in over a two-year period with a tuition ceiling equal to the instructional cost in a comparable public institution. The financial aid policy is intended to advance the goals of quality, efficient use of resources, equity, and access.

Governing Authority of Public Post-Secondary Education Boards—The management authority of the public systems has been clarified and strengthened, enabling the governing boards to operate their systems under the state's new funding, tuition, and financial aid policies. The governing boards, for example, have the authority to close institutions under their jurisdiction. A new board separate from the State Board of Education was created to govern the AVTIs. The enhanced management authorities of the boards are intended to accomplish the goals of quality and efficient use of resources.

Revised Interstate Tuition Reciprocity—Minnesota's tuition reciprocity agreements with Wisconsin and the Dakotas were modified to enable residents of participating states to pay tuition rates significantly lower than non-resident rates in those states, but more than resident rates charged under the program prior to Fiscal Year 1984. A major purpose of the renegotiations was to preserve the programs but to eliminate the financial incentives for Minnesota residents to attend neighboring states created as a result of the new tuition policy. The reciprocity agreements are intended to promote the goals of quality, efficient use of resources, and access.

These policies are interrelated. Average cost funding determines instructional costs. Tuition revenue then is based on a percentage of instructional costs. Tuition divided by total full-time equivalent enrollment establishes average tuition rates. As part of their management authority, governing boards may establish tuition rates that differ on the basis of level of instruction, program cost, type of student, and other considerations. Tuition rates become an element in the educational budget for students receiving scholarship and grant awards.

This chapter describes several other issues that are related to the major 1983 higher education initiatives. Under financial aid, these issues are dependency status of students, financial aid for part-time students, and loan policy. The Board studied these issues in addition to the redesign of the Scholarship and Grant Program as part of a comprehensive re-examination of student financial aid. Also described in this section are developments in the state's policy to private post-secondary education.

2. Funding Policy

Introduction: The 1983 higher education package included an average cost funding policy to provide state appropriations for instruction to Minnesota public post-secondary education systems.

Background: The average cost funding policy resulted from a major Coordinating Board initiative, gubernatorial recommendations, and legislative deliberations.

The Coordinating Board in January 1980 established the Task Force on the Future Funding of Post-Secondary Education. The Task Force consisted of 16 members representing education, government and the public. The Task Force examined the implications of projected enrollment declines on state funding policies and alternative policies. In December 1982 the Task Force issued a final report and recommendations on several aspects of post-secondary education in Minnesota.[1] Following are the findings of the Task Force:

1. Current funding policies will not preserve nor enhance the quality of post-secondary education in Minnesota.
2. Current funding policies and governance structures do not encourage collaboration and coordination between institutions, systems, and sectors.
3. The distinction between the governing and management roles of the lay governing boards and the broad funding and policy roles of the legislature has been blurred.
4. The bulge funding policy accomplished its objective of reducing state funding requirements for the collegiate systems in a period of increasing enrollments.[2]
5. Current funding policies do not consistently encourage innovative resource management.
6. Minnesota public post-secondary systems have been treated inequitably because there is no comprehensive funding policy.
7. Current funding policies do not consistently relate funding to levels of enrollment and the costs associated with those levels.
8. Current funding policies do not encourage systems to increase their productivity.
9. The current AVTI program funding policy is not an educationally or fiscally sound policy in a period of constrained resources and declining enrollments.
10. The split budget review and appropriations process for post-secondary education inhibits development of comprehensive policies for the systems of post-secondary education.
11. Tuition is the most powerful finance factor available for changing the state's funding obligation for post-secondary education.

The Task Force recommended that average cost funding should be the basic funding policy for Minnesota public post-secondary education systems. The policy, according to the Task Force, should:

buffer funding changes associated with enrollment changes;

control for differential growth in programs and levels of instruction;

be aplied uniformly to all four public systems and provide no special or separate legislative funding for specific institutions or programs.

In addition, the Task Force recommended that:

1. A mechanism to reallocate one percent of all expenditures and all savings in order to encourage improvements in the quality and productivity of post-secondary education should be established.
2. Greater collaboration and coordination between institutions, systems, and sectors must be encouraged.
3. The state should honor the commitment of the bulge funding policy as enrollments decline.
4. The state should adopt a comprehensive cost related tuition policy for post-secondary education and adjust funding for need based financial aid to prevent loss of access by low income students.
5. The governing boards of the systems must have the maximum amount of responsibility and discretion with respect to policy and allocation decisions regarding their institutions. Legislative involvement in policy and allocation decisions regarding individual institutions should be discouraged.
6. Post-secondary education appropriations decisions should be unified under one committee in each legislative body.

The Coordinating Board endorsed the Task Force recommendations in January 1983.[3] The Board perceived several advantages in an average cost funding policy.

Average cost funding would encourage the maintenance and enhancement of high quality program offerings by requiring systems and institutions to compete for students. Students would decide which programs best meet their needs, and those programs would receive funding. The need to attract students would provide a powerful incentive for governing boards to maintain quality programs.

Average cost funding would provide strong incentives for governing boards to use resources efficiently. Even though funding changes would lag behind enrollment changes, funding would change proportionately with enrollments. In a period of declining enrollments, governing boards would be required to reduce expenditures. The lag would allow the reductions to occur in a planned and selective manner. Conversely, in a period of increasing enrollments, systems would be required to provide services to students initially with only the revenue generated by tuition. Similarly, the lag would allow expenditure increases to occur in a planned and selective manner.

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[1] Minnesota Higher Education Coordinating Board, *Final Report of the Task Force on Future Funding of Post-Secondary Education* (December 1982).

[2] The bulge policy provided, initially, no state support and later only partial state support for enrollments above a 1977 base in the three collegiate systems. The systems were to provide educational services to the additional students by hiring temporary faculty with the tuition revenue generated by the students. The objectives were to: (1) reduce state funding requirements in a period of increasing enrollments; and (2) to reduce the need for fiscal contraction and layoffs of permanent staff until system enrollments declined below base levels.

[3] Minnesota Higher Education Coordinating Board, *Recommendations on Future Funding Policies for Minnesota Post-Secondary Education* (January 27, 1983).

Average cost funding would treat all public systems equitably. Previous funding policies treated the systems differently. One system, for example, received fixed funding for small institutions while the other three were required to support small institutions without fixed funding. Average cost funding would provide state appropriations to all systems using the same formula. There would be no separate funding arrangements for particular systems or institutions.

Following are the Board's nine recommendations:

1. **THAT the Coordinating Board commend the members of the Task Force on Future Funding for the time and effort which they devoted to the report.**
2. **THAT the Coordinating Board endorse all seven of the recommendations of the Task Force and transmit the report and recommendations to the governor and the legislature.**
3. **THAT the governor, the legislature, and post-secondary governing boards recognize that promoting quality programs and institutions must be the primary objective of any funding policy.**
4. **THAT, to clarify the roles and responsibilities of governing boards vís a vís the executive and the legislature, the relevant statutes be amended to provide, specifically, that the governing boards have the authority to:**

   reallocate all their state funds;

   close their institutions.
5. **THAT the quality and productivity improvement fund, recommended by the Task Force at the system level, be established at the state level.**
6. **THAT, since the development of new knowledge is vital to the continued health of Minnesota's economy, the governor and legislature should place a high priority on state investment in basic and applied research and maintain or increase state funding for this purpose. A formal reporting process should be developed to ensure the effectiveness of these funds.**
7. **THAT a new funding base be developed for each post-secondary system which would incorporate adjustments for the differing effects of enrollment growth, funding reductions, and tuition rates since 1977.**
8. **THAT average cost funding should be the basic funding policy for Minnesota public post-secondary education systems. The policy should:**

   buffer funding changes associated with enrollment changes;

   control for differential growth in programs and levels of instruction;

   be applied uniformly to all four public systems and provide no special or separate legislative funding for specific institutions or programs.
9. **THAT the legislature and Coordinating Board continue to review funding policies and governance structures in an effort to encourage coordination between systems and sectors.**

Governor Rudy Perpich recommended the average cost policy as the system funding component of his higher education policy initiatives for the 1983 legislative session. He believed that new financing policies would strengthen the link between quality post-secondary education and the state's economic vitality.

1983 Legislation: The legislature adopted the average cost funding policy for determining state appropriations for instruction to Minnesota's four public post-secondary education systems. The policy related state funding for each system to the number of students served by that system and the system's cost of serving those students. The policy buffered changes in funding from changes in enrollments. The buffering was accomplished by basing funding to each system on its enrollments two years earlier. For example, the systems received funding for Fiscal Year 1984 based on Fiscal Year 1982 enrollments. This two-year lag of changes in funding provided two benefits. First, the two years gave systems and governing boards time to plan changes in staffing and expenditures in response to changes in enrollments. Second, the lag avoided the provision of funding on the basis of projected enrollments.

Average costs per full-time student, the other primary component of the funding policy, were calculated for each system. The average costs were calculated separately for each level of instruction (lower division, upper division, graduate and professional) and for each of three cost categories (low, medium and high), resulting in 12 categories—or cells—for funding purposes. An additional bulge cell was added for the State University System and the Community College System. This cell contained the enrollments and associated costs of that portion of enrollments not fully funded under the bulge funding policy. Enrollments in this cell were funded at one half the average cost of the lower division low cost cell. Average costs in each cell were multiplied by the corresponding number of students two years earlier and added to yield total instructional expenditures. Table II.1 displays an average cost funding matrix for the University of Minnesota. Estimated tuition revenues were subtracted from total instructional expenditures, leaving state appropriations. This policy applied only to system-level appropriations. Governing boards were given complete discretion in allocating funds to colleges, campuses and programs.

The average cost funding policy was applied to regular instruction only. Funding for extension, adult vocational and summer session instruction (except when the instructional program is provided during the entire calendar year) was not provided by the average cost policy. Funding for research, public service, and other non-instructional activities was also provided separately.

The average cost funding policy was applied by the legislative funding committees during the 1983 budget process, and language establishing the policy was included in the omnibus higher education appropriations act.[4] The act also directed the commissioner of finance to establish an Average Cost Funding Task Force to further refine the policy.

The task force included representatives from each of the public post-

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[4] *Minn. Stat.* 135A.01-135A.05 (1983 Supplement).

TABLE II.1
AVERAGE COST FUNDING MATRIX
UNIVERSITY OF MINNESOTA

			F.Y. 1984			F.Y. 1985		
Level of Instruction	Program Cost Level	F.Y. 83 Program Cost	F.Y. 84 Program Cost	F.Y. 82 Enrollment	Total Instructional Expenditure	F.Y. 85 Program Cost	F.Y. 83 Enrollment	Total Instructional Expenditure
Professional	Low	$ 7,042	$ 7,394	5,256	$ 38,862,900	$ 7,764	5,384	$ 41,801,400
	Medium	$13,127	$13,783	445	$ 6,133,400	$14,472	442	$ 6,396,600
	High	$17,041	$17,893	990	$ 17,714,100	$18,788	949	$ 17,829,800
Graduate	Low	$ 5,059	$ 5,312	2,496	$ 13,258,800	$ 5,578	2,518	$ 14,045,400
	Medium	$ 6,676	$ 7,010	1,765	$ 12,372,700	$ 7,361	1,780	$ 13,102,600
	High	$ 8,863	$ 9,306	271	$ 2,521,900	$ 9,771	281	$ 2,745,700
Upper Division	Low	$ 4,290	$ 4,505	15,617	$ 70,354,600	$ 4,730	15,755	$ 74,521,200
	Medium	$ 6,613	$ 6,944	921	$ 6,395,400	$ 7,291	889	$ 6,481,700
	High	$11,755	$12,343	19	$ 234,500	$12,960	20	$ 259,200
Lower Division	Low	$ 2,865	$ 3,008	18,539	$ 55,765,300	$ 3,158	18,484	$ 58,372,500
	Medium	$ 4,800	$ 5,040	3,209	$ 16,173,400	$ 5,292	3,167	$ 16,759,800
	High	$ 7,616	$ 7,997	147	$ 1,175,600	$ 8,397	139	$ 1,167,200
TOTALS				49,675	$240,962,600		49,808	$253,483,100

secondary systems, post-secondary students, the Coordinating Board, the Education Division of House Appropriations, the Education Subcommittee of the Senate Finance Committee, the Office of State Auditor, and the Uniform Financial Accounting and Reporting Advisory Council. It began work in July 1983. The task force was to review and make recommendations on the definition of instructional cost in all four systems, the method of calculating average cost for funding purposes, the method used to assign programs to the proper level of cost at each level of instruction, the adequacy of the accounting data for defining instructional cost in a uniform manner, and the biennial budget format to be used by the four systems in submitting their 1985-87 biennial budget requests. The task force is to submit an annual report to the legislature.

Accomplishments outlined by the task force in its May 1984 report are:

Full-year enrollment equivalents were defined in a comparable manner for the four post-secondary education systems; this eliminated previous differences based on time or place of program offerings. The 1984 Legislature enacted legislation adopting this recommendation.

Instructional cost was defined to incorporate the recommended definition of enrollments. The 1984 Legislature also adopted this recommendation.

A method of uniformly allocating indirect costs to instruction and then assigning these costs by level of instruction and program category was established.

A taxonomy of instructional program categories was developed for each of the post-secondary systems.

A model was devised that uniformly assigns program cost to the appropriate average cost cell and then translates cell values into state appropriations and tuition revenues.

A biennial budget format compatible with the average cost funding concept has been disseminated.

A series of supporting data requirements designed to document the uniform application of the average cost funding policy was identified for submission with the 1985-87 biennial budget requests.[5]

1984 Legislation: The 1984 legislature adopted several refinements in the average cost funding policy which, as noted above, were proposed by the Department of Finance Average Cost Funding Task Force.[6] The primary change was the addition of summer session, extension and adult vocational instruction to the instructional activities funded by the average cost funding policy. The policy as adopted in 1983 contained inconsistencies with respect to the funding of summer, extension and adult vocational instruction. Summer instruction was funded under the policy at the AVTIs but not at the collegiate institutions. Undergraduate extension instruction was funded under the policy at community colleges and state universities but not at AVTIs or the University of Minnesota. The 1984 changes eliminated these inconsistencies.

3. Tuition Policy

Introduction: The 1983 higher education package included a tuition policy to determine the state share and the student share of the cost of providing instruction in Minnesota public post-secondary education institutions.

Background: The tuition policy resulted from a Coordinating Board study, gubernatorial recommendations, and legislative deliberations.

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[5] Finance Department, *Average Cost Funding Task Force Report to the Legislature* (May 1984).

[6] *Laws of Minnesota for 1984*, Chapter 654, Article 4, Sections 12 and 13.

The Coordinating Board, in August 1978, recommended a tuition policy for Minnesota public post-secondary education.[7] The Board reaffirmed its policy in December 1980 and September 1982.[8]

The Board's recommended policy includes the following tuition policy objectives and principles to guide the development of tuition policy:

A. Minnesota Statewide Tuition Policy—Minnesota statewide tuition policy should pursue the following objectives:

1. That the cost of providing post-secondary education should be shared in an equitable manner by all students through tuition and by the state through direct institutional subsidies and financial aid.
2. That as many citizens as possible should be able to attend institutions appropriate to their needs.
3. That all forms of post-secondary education should be financially accessible to students from all socio-economic groups.
4. That tuition policy and practices should be evaluated in relation to goals for post-secondary education.
5. That tuition policy should provide incentives to institutions and systems for efficient management of public resources.
6. That a comprehensive state-level tuition policy should be applied at the system level with the specific establishment of particular tuition levels taking into account particular program costs being left to the discretion of individual governing boards.

B. Statewide Tuition Policy Principles—Statewide tuition policy should be consistent with the following principles:

1. Tuition price should be related to the costs of instruction, which would not include investments in capital.
2. The percentage which tuition revenue represents of instructional costs should be the same in each public system.
3. The percentage which tuition revenue represents of instructional costs should not exceed 30 percent.
4. Recognizing the disparity which exists between tuition rates in the public collegiate systems and the area vocational-technical institutes, it is recommended that the tuition increase for the area vocational-technical institutes be phased in gradually.

For the 1983-85 biennium the Coordinating Board recommended the following action:

1. That tuition adjustments sufficient to provide that tuition revenue represents 30 percent of instructional costs be made by the end of the 1983-85 biennium; and
2. That tuition increases for the AVTIs be phased in gradually and be 20 percent of instructional costs by 1985, and any special considerations that might justify a different percentage be studied further.

The Board's recommendation was directed at the aggregate level of state subsidy to each system. It assumed that governing boards could vary tuition price by campus, program and level of instruction in setting particular tuition levels.

The Task Force on the Future Funding of Post-Secondary Education included the Board's tuition policy in its recommendations on state policies for post-secondary education. The Task Force recommended that tuition policy be coupled with adjustments in funding for need based financial aid to prevent loss of access by low income students.

Following is the specific recommendation and rationale of the task force:

The state should adopt a comprehensive cost related tuition policy for post-secondary education and adjust funding for need based financial aid to prevent loss of access by low income students.

Rationale: The current state tuition policy provides differing percentages of state subsidy to post-secondary systems. This policy clearly does not provide similar rates of subsidy to systems or students. The Task Force recommends that tuition revenue at the system level should be related to the cost of providing instruction. Tuition revenue should constitute a uniform percentage of instructional expenditures in each system. The percentages should be used by the legislature in setting levels of state appropriations. The percentage should not apply to governing boards as they establish tuition rates within their systems.

Such a comprehensive tuition policy could result in increases in tuition rates in some cases. To prevent loss of access to post-secondary education by low income students, the state should adjust funding for need based financial aid.

The amount of state appropriations required is directly related to the levels of expenditures and tuition revenue. Once system expenditure levels are set, tuition revenue becomes a direct offset to state appropriations. This relationship raises several issues in the development and implementation of funding methods for post-secondary education.

If state funds are reduced but expenditure levels maintained, systems will look to higher tuition revenue as the source of additional money. In fact, this tradeoff was made in 1982 and 1983 when state revenue did not meet projections. If state revenue continues to lag behind approved expenditures and spending levels are reduced and if further cuts are necessary, the relationship between budgets and revenue should be clarified. It is neither good policy nor fair to continue to ask students to pick up the state's reduced share automatically. A comprehensive statewide tuition policy would alleviate this problem and could be used to spec-

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[7] Minnesota Higher Education Coordinating Board, *A Recommended Tuition Policy for Minnesota Public Post-Secondary Education* (August 1978).

[8] Minnesota Higher Education Coordinating Board, *A Recommended Tuition Policy for Minnesota Public Post-Secondary Education* (December 1980); *A Review of Tuition Policy for Minnesota Public Post-Secondary Education* (September 1982).

TABLE II. 2
TUITION REVENUE AS A PERCENTAGE OF INSTRUCTIONAL EXPENDITURES BY SYSTEM, FISCAL YEARS 1983-1985[1]

System	FY 1983 Actual	FY 1984 Actual	1985 Estimated
Area Vocational-Technical Institutes	17.26%	21.22%	25.46%
Community College System	33.35	35.31	32.29
State University System	28.47	32.50	33.06
University of Minnesota	34.34	34.00	34.18

[1] Instructional expenditures as defined in *The Average Cost Funding Task Force Report,* Minnesota Finance Department (May 1984).
Source: Minnesota Department of Finance

ify the funding responsibility of taxpayers and students.[9]

Governor Rudy Perpich recommended the Board's uniform cost related tuition policy as part of his higher education policy initiatives for the 1983 legislative session. The governor recommended that tuition revenue constitute 35 percent of instructional expenditures by Fiscal Year 1985 in the collegiate systems and 25 percent in the AVTIs.

1983 Legislature: The uniform cost related tuition policy was applied to Minnesota's four public post-secondary education systems to determine tuition revenue during the 1983 legislative session. The policy was not, however, included in the appropriations act. The policy established system-level tuition revenue based on instructional expenditures derived via average cost funding. Governing boards, however, were free to set tuition rates in accordance with internal considerations.

The policy required traditionally low tuition systems to raise their tuition revenue to a percent of instructional expenditures comparable to that of traditionally higher tuition systems. The higher levels of funding provided by the tuition policy were intended to allow the enhancement of the quality of instructional programs in the public systems. The higher funding also helped address the adverse consequences of these funding reductions in the 1981-83 biennium. As a result of Minnesota's fiscal crisis, the public post-secondary education systems had experienced funding reductions of approximately $80 million during that period.

The tuition policy provided incentives for the governing boards to use resources efficiently. System level tuition revenue and, consequently, the tuition rate charged students, was based on aggregate instructional expenditures. Systems, however, must compete for students under average cost funding. Consequently, systems would be encouraged to hold down expenditures in order to keep tuition rates as low as possible.

Under budget assumptions used by the legislature in appropriating funds to the post-secondary systems, by Fiscal Year 1985 tuition revenue as a percentage of instructional costs will equal 32 percent in the Community College System and University of Minnesota, 31 percent in the State University System, and 25.75 percent in the AVTIs.

The tuition policy would equalize tuition revenue at 32 percent of instructional expenditures in the three collegiate systems during the 1985-87 biennium. Tuition revenue would constitute 25 percent of instructional expenditures in the AVTIs by 1985. In equalizing the tuition percentages, the percentage of state subsidy also was equalized. Table II.2 shows tuition revenues as a percentage of instructional expenditures. The percentages in this table differ from the budget assumptions because of the inclusion of summer session, extension and adult vocational expenditures and because of variations in expenditures and revenues from the assumptions.

1984 Legislation: The 1984 Legislature included language to establish the tuition policy in the appropriations act. The language stated that for the 1985-87 biennium the estimated tuition revenue should be approximately 33 percent of instructional cost for the collegiate systems and 25 percent for the AVTIs.[10]

4. Financial Aid Policy

a. Design for Shared Responsibility

Introduction: The 1983 Minnesota Legislature, in approving its comprehensive package of higher education policies, adopted a major redesign of the State Scholarship and Grant Program for implementation in the 1983-84 school year.[11]

The new policy, the Design for Shared Responsibility, is intended to promote the primary goal of the state's student financial aid system—to ensure equal opportunity for all Minnesota residents to pursue a post-secondary education in institutions and programs that can best meet their educational needs, regardless of their economic circumstances.

Shared responsibility targets more financial aid money to students from lower income families than was possible previously. Over time several inequities had developed in the old policy. As a result, students from lower income families found it nec-

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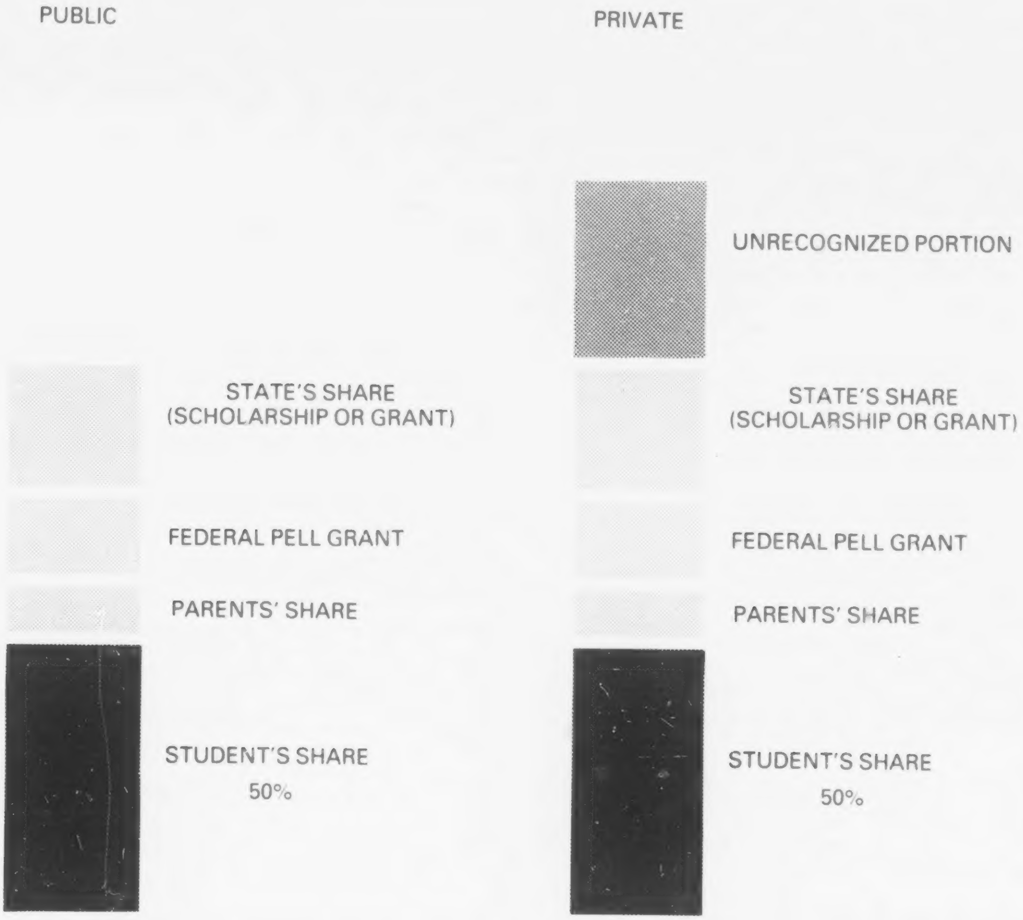
[9] Minnesota Higher Education Coordinating Board, *Final Report of the Task Force on the Future Funding of Post-Secondary Education* (December 1982).

[10] *Laws of Minnesota for 1984,* Chapter 654, Article 4, Section 11, Subd. 1.

[11] *Laws of Minnesota for 1983,* Chapter 258, Sections 41 and 42.

FIGURE II.1
THE DESIGN FOR SHARED RESPONSIBILITY

DESIGN FOR SHARED RESPONSIBILITY REQUIRES A STUDENT SHARE SET AT 50% OF THE COST OF ATTENDANCE PLUS THE UNRECOGNIZED COST PORTION



essary to finance a larger proportion of their educational costs from savings, work or loans than students from higher income families attending the same institutions. This resulted from several arbitrary award caps and other rationing techniques used in response to insufficient funding.[12]

The new policy is based on a design that assigns specific responsibilities for paying costs of attendance to the student, parents, and government. The main variable is the amount parents are expected to contribute.

As shown in Figure II.1, all applicants are required to contribute 50 percent of their cost of attendance from savings, earnings, loans, or other assistance from institutional or private sources. The remaining 50 percent of the cost of attendance is met by contributions from parents, as determined by a national need analysis, and by the combination of federal Pell Grant and State Scholarship and Grant awards.

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[12] Minnesota Higher Education Coordinating Board, *An Overview of the Design for Shared Responsibility in Minnesota's Student Financial Aid System* (December 1983).

The cost of attendance is defined as tuition and fees plus an allowance established by the Coordinating Board for room and board, books and supplies and miscellaneous expenses.

For students attending public institutions, the tuition and fees is the actual amount charged. For students attending private four-year institutions, however, the allowance for tuition and fees was not to exceed $3,598 in 1983-84 and $4,063 in 1984-85. For private two-year collegiate and vocational institutions, the allowance was not to exceed $3,573 in 1983-84 and $3,752 in 1984-85. These allowances are based on the instructional costs per full-year equivalent student in comparable public institutions.

The effect of these specific tuition and fee limits during the past biennium has been to place a cap on the size of awards and require students attending private institutions to contribute more than 50 percent of the cost of attendance.

In specifying these tuition and fee limits, the 1983 Legislature decided to phase in Shared Responsibility for students at private institutions by the 1985-86 school year. The statute states that for private institutions, beginning July 1, 1985, the allowance for tuition and fees is to be the lesser of (1) the actual tuition and fees charged by the institution, or (2) the instructional costs per full-year equivalent student in comparable public institutions.

Students may receive additional grant assistance from private or institutional sources that are under the control of the campus financial aid officer. Receipt of these additional grants does not affect the size of the State Scholarship or Grant, nor the federal Pell Grant. This additional assistance can be used to help meet the half of educational expenses assigned to the student.

Impact: The new policy has affected significantly the distribution of money by income category, sector, and system.

Tables II.3 to II.6 show the distribution of State Scholarship and Grant and Federal Pell grant awards by family income and post-secondary system for Fiscal Years 1983 and 1984. The 52,130 recipients in 1983-84 represent a 27.0 percent increase over 1982-83. This is slightly behind the 30.3 percent increase in applications over the two-year period.

Total state awards and award dollars were distributed among all family income levels through the mid-$30,000s, as shown in Table II.3. Because available funds increased under the Shared Responsibility funding formula, the average state award per recipient increased by $295—a 49.7 percent jump. State awards tended to be lower for the lowest income categories because the federal Pell Grant Program met a larger percent of the parent-government share at the lower income levels. The state program is not as severely targeted as the federal program and reaches many families in the lower-middle income range who are not eligible for Pell grants.

Between Fiscal Year 1983 and 1984 a significant shift occurred in the distribution of funds from middle and upper income families to students from lower income families. In 1983-84 under Shared Responsibility 12.5 percent of the awards and 12.7 percent of the funds went to students from families with incomes over $30,000. By contrast, in 1982-83—prior to Shared Responsibility—18.7 percent of the awards and 20.8 percent of the dollars went to students with incomes above $30,000.

In Fiscal Year 1984, 66.6 percent of the awards and 63.0 percent of the funds went to students with family incomes below $20,000. This compares to 1982-83 when 55.2 percent of the awards and 50.5 percent of the dollars went to students in this income category.

In Fiscal Year 1984, more scholarships and grants were awarded to students in all income categories through $24,999 than in 1983, whereas fewer awards were made to students in all categories above $25,000 than the previous year. Further, despite the changes in distribution of funds, more money in 1983-84 was provided to students in all income categories up to $34,999 than in 1982-83.

The number of independent students receiving awards increased significantly during the two-year period. In 1982-83, 19.3 percent of the awards and 16.3 percent of the money went to independent students compared to 1983-84 when 26.1 percent of the awards and 22.3 percent of the money went to independent students.

Among dependent students, the largest award increase in Fiscal Year 1984 occurred among students from families with incomes between $15,000 and $19,999, and the smallest increase occurred among $35,000 and above annual income families. This occurred because the Shared Responsibility formula implemented in Fiscal Year 1984 did not limit award size and awarded increased amounts to students with parental contributions and federal Pell grants totaling less than 50 percent of educational cost.

Significant increases in funding occurred to students attending public institutions, particularly the AVTIs and community colleges, as shown in Table II.4. From Fiscal Year 1983 to 1984 the number of recipients increased in each post-secondary system except the private four-year colleges, which had 1,236 fewer recipients in 1983-84. The proportion of recipients attending public institutions increased from 67.0 percent in 1982-83 to 72.6 percent in 1983-84. The percentage of total dollars going to students in private institutions dropped from 49.1 percent in 1982-83 to 43.2 percent in 1983-84. Students in all systems and sectors received considerably more money in 1983-84 than the previous year although the distribution shifted.

Community college students re-

TABLE II.3
MINNESOTA STATE SCHOLARSHIP AND GRANT AWARDS BY INCOME LEVELS
FISCAL YEARS 1983 AND 1984

	Fiscal Year 1983			Fiscal Year 1984		
Income Distribution	Students	$ Amount	Avg. $	Students	$ Amount	Avg. $
All Students						
$00,000-$04,999	9,031	4,511,000	500	15,082	9,909,383	657
$05,000-$09,999	4,188	2,038,928	487	7,266	6,471,152	891
$10,000-$14,999	4,493	2,614,480	582	6,612	6,707,783	1,014
$15,000-$19,999	4,963	3,131,205	631	5,737	6,060,102	1,056
$20,000-$24,999	5,315	3,452,383	650	5,665	5,971,692	1,054
$25,000-$29,999	5,385	3,541,051	658	5,251	5,298,877	1,009
$30,000-$34,999	3,782	2,505,378	662	3,526	3,292,439	934
$35,000 and over	3,896	2,569,800	659	2,991	2,561,975	857
TOTAL	41,053	24,364,225	593	52,130	46,273,424	888
Dependent Students						
$00,000-$04,999	2,288	1,070,402	468	6,123	4,567,543	746
$05,000-$09,999	3,141	1,575,177	501	4,498	3,816,029	848
$10,000-$14,999	4,389	2,564,076	584	5,416	5,309,067	980
$15,000-$19,999	4,943	3,118,205	631	5,345	5,525,420	1,034
$20,000-$24,999	5,310	3,450,438	650	5,511	5,747,240	1,043
$25,000-$29,999	5,383	3,540,361	658	5,182	5,201,694	1,004
$30,000-$34,999	3,782	2,505,378	662	3,506	3,260,337	930
$35,000 and over	3,896	2,569,800	660	2,964	2,527,340	853
TOTAL	33,132	20,393,837	616	38,545	35,954,670	933
Self-Supporting Students						
$00,000-$04,999	6,743	3,440,598	510	8,959	5,341,840	596
$05,000-$09,999	1,047	463,751	443	2,768	2,655,123	959
$10,000-$14,999	104	50,404	485	1,196	1,398,719	1,169
$15,000-$19,999	20	13,000	650	392	534,700	1,364
$20,000-$24,999	5	1,945	389	154	224,452	1,457
$25,000-$29,999	2	690	345	68	95,650	1,407
$30,000-$34,999	0	0	0	20	32,102	1,605
$35,000 and over	0	0	0	27	34,635	1,283
TOTAL	7,921	3,970,388	501	13,584	10,317,221	780

SOURCE: Minnesota Higher Education Coordinating Board

ceived 9.3 percent of the awards and 6.4 percent of the award dollars in Fiscal Year 1983; they received 12.3 percent of the awards and 9.0 percent of the dollars in Fiscal Year 1984. AVTI students received 15.8 percent of the awards and 9.9 percent of the dollars in Fiscal Year 1983; and they received 21.7 percent of the awards and 15.4 percent of the dollars in Fiscal Year 1984. Students attending private four-year colleges received 26.5 percent of the awards and 41.2 percent of the dollars in Fiscal Year 1983; they received 18.5 percent of the awards and 31.8 percent of the dollars a year later.

The largest increase in average award in 1983-84, $604, occurred in the four-year private institutions, and the smallest increase, $236, occurred at the University of Minnesota. The principal cause of the sharp increase among private college students was the increase in the effective maximum award from $1,050 in 1982-83 to $3,174 in 1983-84 which resulted from not recognizing private four-year institutions' tuition beyond $3,598.

Tables II.5 and II.6 show the combined state and federal awards by income level and by educational system to students who received state awards. Since 1977 the calculation of state awards has considered the amount of federal awards for which the student is eligible. The goal of the state program as of Fiscal Year 1984 is to meet 50 percent of the student's educational cost with a combination of Pell and State Scholarship and Grant awards.

The state, in order to calculate the state award, makes an assumption about the size of federal awards. The two tables show combined average award sizes based on the assumptions that were used in Fiscal Years 1983 and 1984.

TABLE II.4.
MINNESOTA STATE SCHOLARSHIP AND GRANT AWARDS BY EDUCATIONAL SYSTEM
FISCAL YEARS 1983 AND 1984

	State Award					
	Fiscal Year 1983			Fiscal Year 1984		
System	Students	$ Amount	Avg. $	Students	$ Amount	Avg. $
All Students						
University of Minnesota	8,210	4,545,297	554	9,358	7,394,309	790
State University	8,988	3,794,005	422	10,808	7,584,971	702
Community College	3,807	1,566,200	411	6,388	4,182,008	655
Area Vocational-Technical Institute	6,484	2,422,960	374	11,305	7,113,969	629
Private Four-Year	10,863	10,033,806	924	9,627	14,709,555	1,528
Private Two-Year	2,701	2,001,957	741	4,644	5,288,612	1,139
TOTAL	41,053	24,364,225	593	52,130	46,273,424	888
Dependent Students						
University of Minnesota	6,134	3,596,074	586	6,884	5,723,708	831
State University	7,211	3,106,747	431	8,359	6,092,434	729
Community College	3,064	1,262,508	412	4,473	2,920,091	653
Area Vocational-Technical Institute	4,931	1,796,791	364	7,294	4,481,808	614
Private Four-Year	9,752	9,061,893	929	8,388	12,990,444	1,549
Private Two-Year	2,040	1,569,824	770	3,147	3,746,185	1,190
TOTAL	33,132	20,393,837	616	38,545	35,954,670	933
Self-Supporting Students						
University of Minnesota	2,076	949,223	457	2,474	1,670,601	675
State University	1,777	687,258	387	2,449	1,492,537	609
Community College	743	303,692	409	1,915	1,261,917	659
Area Vocational-Technical Institute	1,553	626,169	403	4,010	2,630,628	656
Private Four-Year	1,111	971,913	875	1,239	1,719,111	1,387
Private Two-Year	661	432,133	654	1,497	1,542,427	1,030
TOTAL	7,921	3,970,388	501	13,584	10,317,221	760

SOURCE: Minnesota Higher Education Coordinating Board

TABLE II.5.
COMBINED STATE AND FEDERAL AWARDS BY INCOME LEVELS
FISCAL YEARS 1983 AND 1984

	Fiscal Year 1983			Fiscal Year 1984		
Income Distribution	Students	$ Amount	Avg. $	Students	$ Amount	Avg. $
All Students						
$00,000-$04,999	9,031	15,007,412	1,662	15,082	30,297,107	2,009
$05,000-$09,999	4,188	6,894,684	1,646	7,266	13,857,585	1,907
$10,000-$14,999	4,493	6,802,970	1,514	6,612	12,135,076	1,835
$15,000-$19,999	4,963	6,445,941	1,299	5,737	9,632,286	1,679
$20,000-$24,999	5,315	5,514,083	1,037	5,665	8,202,034	1,448
$25,000-$29,999	5,385	4,601,501	855	5,251	6,303,067	1,200
$30,000-$34,999	3,782	2,830,248	748	3,526	3,589,868	1,018
$35,000 and over	3,896	2,629,654	675	2,991	2,655,704	888
TOTAL	41,053	50,726,493	1,236	52,130	86,672,727	1,663
Dependent Students						
$00,000-$04,999	2,288	3,985,198	1,742	6,123	12,404,605	2,026
$05,000-$09,999	3,141	5,291,563	1,685	4,498	8,830,885	1,963
$10,000-$14,999	4,389	6,673,352	1,520	5,416	10,072,031	1,860
$15,000-$19,999	4,943	6,422,345	1,299	5,345	9,006,967	1,685
$20,000-$24,999	5,310	5,510,224	1,038	5,511	7,971,732	1,447
$25,000-$29,999	5,383	4,598,135	854	5,182	6,204,709	1,197
$30,000-$34,999	3,782	2,830,248	748	3,506	3,557,766	1,015
$35,000 and over	3,896	2,629,654	675	2,964	2,617,443	883
TOTAL	33,132	37,940,719	1,145	38,545	60,666,138	1,574
Self-Supporting Students						
$00,000-$04,999	6,743	11,022,214	1,635	8,959	17,892,502	1,997
$05,000-$09,999	1,047	1,603,121	1,531	2,768	5,026,700	1,816
$10,000-$14,999	104	129,618	1,246	1,196	2,063,045	1,725
$15,000-$19,999	20	23,596	1,180	392	625,319	1,595
$20,000-$24,999	5	3,859	772	154	230,302	1,495
$25,000-$29,999	2	3,366	1,683	68	96,825	1,424
$30,000-$34,999	0	0	0	20	32,102	1,605
$35,000 and over	0	0	0	27	38,261	1,417
TOTAL	7,921	12,785,774	1,614	13,584	26,005,056	1,914

SOURCE: Minnesota Higher Education Coordinating Board

NOTE: The combined award totals include Pell awards only for those students who received a state award; many Pell recipients in the state fail to apply for state assistance.

TABLE II.6.
COMBINED STATE AND FEDERAL AWARDS BY EDUCATIONAL SYSTEM
FISCAL YEARS 1983 AND 1984

	Fiscal Year 1983			Fiscal Year 1984		
System Distribution	Students	$ Amount	Avg. $	Students	$ Amount	Avg. $
All Students						
University of Minnesota	8,210	10,384,140	1,265	9,358	15,171,688	1,621
State University	8,988	10,145,096	1,129	10,808	16,420,637	1,519
Community College	3,807	3,924,112	1,031	6,388	9,045,924	1,416
Area Vocational-Technical Institute	6,484	6,958,484	1,073	11,305	16,167,491	1,430
Private Four-Year	10,863	15,345,888	1,413	9,627	20,534,301	2,133
Private Two-Year	2,701	3,968,773	1,469	4,644	9,332,686	2,010
TOTAL	41,053	50,726,493	1,236	52,130	86,672,727	1,663
Dependent Students						
University of Minnesota	6,134	6,879,745	1,122	6,884	10,224,027	1,485
State University	7,211	7,487,900	1,038	8,359	11,859,803	1,419
Community College	3,064	2,935,678	958	4,473	5,829,932	1,303
Area Vocational-Technical Institute	4,391	5,039,067	1,022	7,294	9,776,447	1,340
Private Four-Year	9,752	12,821,419	1,315	8,388	17,089,511	2,037
Private Two-Year	2,040	2,776,910	1,361	3,147	5,886,418	1,870
TOTAL	33,132	37,940,719	1,145	38,545	60,666,138	1,574
Self-Supporting Students						
University of Minnesota	2,076	3,504,396	1,688	2,474	4,947,661	2,000
State University	1,777	2,657,196	1,495	2,449	4,560,834	1,862
Community College	743	988,434	1,330	1,915	3,215,992	1,679
Area Vocational-Technical Institute	1,553	1,919,417	1,236	4,010	6,389,511	1,593
Private Four-Year	1,111	2,524,469	2,272	1,239	3,444,790	2,780
Private Two-Year	661	1,191,862	1,803	1,497	3,446,268	2,302
TOTAL	7,921	12,785,774	1,614	13,584	26,005,056	1,914

SOURCE: Minnesota Higher Education Coordinating Board

NOTE: The combined award totals include Pell awards only for those students who received a state award; many Pell recipients in the state fail to apply for state assistance.

TABLE II. 7
AVERAGE STATE AWARD AND COMBINED STATE PLUS PELL AWARDS BY PARENTAL CONTRIBUTION AND AVERAGE FAMILY INCOME UNIVERSITY OF MINNESOTA, FISCAL YEARS 1983 AND 1984

		Fiscal Year 1983			Fiscal Year 1984		
Parental Contribution	Average 1982 Family Income	Number	Average State Award	Average Combined Award	Number	Average State Award	Average Combined Award
0	$ 6,457	1,627	$485	$1,845	2,373	$ 710	$2,131
100	15,446	196	737	1,639	215	1,097	1,990
200	16,914	195	780	1,563	231	1,103	1,903
300	18,349	210	776	1,457	259	1,111	1,807
400	19,220	233	803	1,396	219	1,155	1,711
500	20,354	247	807	1,297	242	1,154	1,658
600	21,310	298	835	1,239	256	1,097	1,520
700	22,416	253	825	1,130	258	1,142	1,420
800	23,023	249	805	1,000	262	1,119	1,322
900	23,692	228	765	955	277	1,062	1,215
1,000	24,132	225	725	810	252	1,046	1,137
1,100	25,145	223	672	734	278	1,003	1,055
1,200	25,722	222	626	666	280	898	919
1,300	26,160	204	582	606	218	851	868
1,400	26,622	185	537	551	186	738	749
1,500	27,663	167	521	521	200	654	663
1,600	28,909	207	455	459	179	546	552
1,700	28,891	140	417	417	171	481	481
1,800	29,316	153	376	378	135	392	392
1,900	29,040	126	328	329	141	302	302
2,000	30,722	123	287	287	133	212	212
2,100	30,800	126	265	265	119	128	128
2,200	30,883	103	220	220	0	0	0
2,300	31,398	84	173	173	0	0	0
2,400	32,010	70	135	135	0	0	0
2,500 +	31,609	40	127	127	0	0	0

Note: Dependent students only
Source: Higher Education Coordinating Board

Relationship Between Grants and Family Resources: The Shared Responsibility approach was intended to remedy inequities in the relationship of award size to family financial resources among families with varying levels of wealth. The old scholarship and grant model gave disproportionately large awards to families with higher incomes. The new model establishes a direct relationship between governmental grants and family resources—for every dollar increase in expected parental contribution (in the dependent case), a dollar in governmental aid is subtracted from the student's grant eligibility.

The actual award experience of dependent students in each post-secondary system is shown in Tables 7 through 12 for the 1982-83 academic year (Fiscal Year 1983) during which the old model applied, contrasted with 1983-84 (Fiscal Year 1984) under the Shared Responsibility model. In looking down the average combined award columns, one can readily observe the declining governmental aid as the parental contribution (shown on the far left hand side of each table) increases. The roughly one-to-one relationship between increasing parental contribution and decreasing grant assistance under Shared Responsibility can only be seen in the combined state and Pell grant awards because the formula controls for these two sources of aid considered together. The size of the state award alone actually increases as the parental contribution increases in the lower contribution ranges because of a rapid decline in the size of the Pell award. Shared Responsibility compensates for the weakness of the Pell program in the lower-middle income ranges. Because the Pell program is even more severely targeted toward the absolute lowest income families than the state program, the federal grant plays a substantial role for students in the $0 to $500 parental contribution range.

As the Shared Responsibility approach targets financial aid to the lower income families, it was expected that some middle-income students in each post-secondary system would lose grant aid in the shift

TABLE II. 8
AVERAGE STATE AWARD AND COMBINED STATE PLUS PELL AWARDS BY PARENTAL CONTRIBUTION AND AVERAGE FAMILY INCOME STATE UNIVERSITY SYSTEM, FISCAL YEARS 1983 AND 1984

		Fiscal Year 1983			Fiscal Year 1984		
Parental Contribution	Average 1982 Family Income	Number	Average State Award	Average Combined Award	Number	Average State Award	Average Combined Award
0	$ 6,457	2,376	$359	$1,572	3,237	$650	$1,972
100	15,446	264	507	1,470	259	934	1,869
200	16,914	271	540	1,364	294	979	1,759
300	18,349	301	567	1,293	320	930	1,659
400	19,220	298	555	1,193	324	919	1,578
500	20,354	345	569	1,100	335	952	1,455
600	21,310	354	579	1,015	334	939	1,331
700	22,416	308	572	891	333	974	1,273
800	23,023	289	556	808	297	953	1,163
900	23,692	292	540	697	302	942	1,077
1,000	24,132	294	517	617	312	863	970
1,100	25,145	259	470	528	303	802	858
1,200	25,722	259	431	459	263	746	767
1,300	26,160	228	408	425	272	684	698
1,400	26,622	216	341	353	240	564	574
1,500	27,663	171	305	310	214	503	507
1,600	28,909	182	265	265	214	393	397
1,700	28,891	171	223	226	193	309	309
1,800	29,316	134	184	184	176	229	229
1,900	29,040	113	149	149	137	136	136
2,000 +	30,722	86	105	105	0	0	0

Note: Dependent students only.
Source: Higher Education Coordinating Board

to the new policy, all conditions being equal. In the public sector, however, substantial tuition increases coupled with full funding of the financial aid program limited the number of students experiencing reductions in state grant assistance between 1982-83 and 1983-84. Typically the losses of small amounts of grant assistance occurred among students from families with 1982 family incomes around $30,000.

In 1982-83 there were 546 award recipients at the University of Minnesota with expected parental contributions of $2,000 and above; by 1983-84 there were 252 students in that range. By contrast, only the highest parental contribution category ($1,700 +) among AVTI students experienced a decline in the numbers of students served, and there the loss was only one student.

This was not true of the students in private institutions, as can be seen in Tables 11 and 12. Many students in the upper resource categories lost relatively large awards in the change to the new aid approach. In 1982-83 there were 1,640 students in private four-year institutions who had an expected parental contribution of $3,000 and above; by 1983-84 there were only 156 students in that range. The 78 students with an expected parental contribution of $4,000 who received state awards averaging $528 in 1982-83 offer an example of the size of the awards that were possible under the old approach; under Shared Responsibility it was impossible to receive state aid with such a high level of family resources.

Despite the shifts in the distribution of state grant dollars within systems, every system experienced an overall increase in the flow of dollars from the State Scholarship and Grant Program as well as the federal Pell Grant program.

TABLE II. 9
AVERAGE STATE AWARD AND COMBINED STATE PLUS PELL AWARDS
BY PARENTAL CONTRIBUTION AND AVERAGE FAMILY INCOME
COMMUNITY COLLEGE SYSTEM, FISCAL YEARS 1983 AND 1984

		Fiscal Year 1983			Fiscal Year 1984		
Parental Contribution	Average 1982 Family Income	Number	Average State Award	Average Combined Award	Number	Average State Award	Average Combined Award
0	$6,457	1,091	$404	$1,456	1,856	$640	$1,793
100	15,446	102	463	1,339	154	870	1,677
200	16,914	103	489	1,238	155	786	1,522
300	18,349	120	493	1,176	191	819	1,510
400	19,220	116	534	1,082	173	777	1,406
500	20,354	127	525	934	173	809	1,287
600	21,310	123	515	853	164	827	1,203
700	22,416	134	523	808	181	791	1,055
800	23,023	144	488	739	168	770	990
900	23,692	136	459	633	162	767	918
1,000	24,132	126	452	559	156	691	797
1,100	25,145	111	431	471	165	641	707
1,200	25,722	104	364	380	151	573	611
1,300	26,160	108	331	347	128	511	521
1,400	26,622	89	291	293	127	456	465
1,500	27,663	101	262	267	107	350	356
1,600	28,909	84	206	206	94	272	272
1,700	28,891	74	174	174	107	177	177
1,800	29,316	45	144	144	61	125	125
1,900	29,040	24	104	104	0	0	0
2,000 +	30,722	2	178	178	0	0	0

Note: Dependent students only
Source: Higher Education Coordinating Board

TABLE II. 10
AVERAGE STATE AWARD AND COMBINED STATE PLUS PELL AWARDS BY PARENTAL CONTRIBUTION AND AVERAGE FAMILY INCOME AREA VOCATIONAL-TECHNICAL INSTITUTES, FISCAL YEARS 1983 AND 1984

		Fiscal Year 1983			Fiscal Year 1984		
Parental Contribution	Average 1982 Family Income	Number	Average State Award	Average Combined Award	Number	Average State Award	Average Combined Award
0	$ 6,457	2,525	$370	$1,343	3,908	$633	$1,696
100	15,446	188	429	1,203	258	770	1,588
200	16,914	178	422	1,160	245	738	1,469
300	18,349	181	391	1,055	224	718	1,383
400	19,220	206	389	975	247	708	1,295
500	20,354	163	438	884	235	664	1,185
600	21,310	180	423	778	249	685	1,109
700	22,416	155	402	690	242	650	991
800	23,023	158	383	615	245	638	902
900	23,692	166	394	543	221	642	801
1,000	24,132	139	357	457	220	611	706
1,100	25,145	150	331	372	209	538	598
1,200	25,722	135	288	314	183	482	518
1,300	26,160	134	259	268	174	400	416
1,400	26,622	80	195	203	154	331	344
1,500	27,663	92	182	182	127	250	250
1,600	28,909	71	140	140	124	155	155
1,700 +	28,891	30	128	128	29	117	117

Note: Dependent students only
Source: Higher Education Coordinating Board

TABLE II. 11
AVERAGE STATE AWARD AND COMBINED STATE PLUS PELL AWARDS BY PARENTAL CONTRIBUTION AND AVERAGE FAMILY INCOME PRIVATE FOUR-YEAR INSTITUTIONS, FISCAL YEARS 1983 AND 1984

		Fiscal Year 1983			Fiscal Year 1984		
Parental Contribution	Average 1982 Family Income	Number	Average State Award	Average Combined Award	Number	Average State Award	Average Combined Award
0	$ 6,457	1,759	$ 978	$2,376	1,992	$1,605	$3,054
100	15,446	199	986	1,902	215	2,006	2,918
200	16,914	237	1,002	1,839	214	1,952	2,832
300	18,349	217	1,004	1,728	227	1,973	2,746
400	19,220	283	1,001	1,673	236	2,065	2,662
500	20,354	266	989	1,560	290	2,078	2,548
600	21,310	325	1,010	1,458	288	2,083	2,469
700	22,416	296	991	1,324	330	2,110	2,404
800	23,023	286	1,008	1,267	270	2,064	2,290
900	23,692	286	1,005	1,158	272	2,021	2,151
1,000	24,132	254	1,000	1,091	258	1,964	2,076
1,100	25,145	269	983	1,022	253	1,921	1,992
1,200	25,722	218	998	1,035	244	1,851	1,894
1,300	26,160	273	1,005	1,021	263	1,777	1,794
1,400	26,622	231	1,008	1,036	240	1,652	1,677
1,500	27,663	227	999	1,007	221	1,604	1,610
1,600	28,909	206	991	992	202	1,509	1,511
1,700	28,891	221	999	1,003	213	1,394	1,394
1,800	29,316	191	978	979	245	1,326	1,329
1,900	29,040	189	986	988	190	1,251	1,251
2,000	30,722	219	1,001	1,002	179	1,153	1,153
2,100	30,800	208	983	985	169	1,029	1,029
2,200	30,883	185	991	991	208	944	944
2,300	31,398	189	996	996	185	846	846
2,400	32,010	146	981	981	144	763	763
2,500	31,609	130	960	960	127	628	628
2,600	32,353	181	965	971	147	544	544
2,700	32,652	131	943	943	133	464	464
2,800	33,512	154	912	924	126	365	365
2,900	34,817	136	918	918	151	270	270
3,000	34,065	124	902	902	112	178	178
3,100	34,270	142	886	886	44	111	111
3,200	34,368	102	842	842	0	0	0
3,300	34,673	108	812	812	0	0	0
3,400	35,098	104	770	770	0	0	0
3,500	35,935	110	736	736	0	0	0
3,600	35,931	103	704	704	0	0	0
3,700	36,208	88	693	693	0	0	0
3,800	35,916	101	622	622	0	0	0
3,900	36,854	86	559	559	0	0	0

TABLE II. 11 (CONTINUED)
AVERAGE STATE AWARD AND COMBINED STATE PLUS PELL AWARDS
BY PARENTAL CONTRIBUTION AND AVERAGE FAMILY INCOME
PRIVATE FOUR-YEAR INSTITUTIONS, FISCAL YEARS 1983 AND 1984

		Fiscal Year 1983			Fiscal Year 1984		
Parental Contribution	Average 1982 Family Income	Number	Average State Award	Average Combined Award	Number	Average State Award	Average Combined Award
4,000	$36,290	78	$528	$528	0	$0	$0
4,100	37,388	64	515	515	0	0	0
4,200	38,334	62	497	497	0	0	0
4,300	36,582	56	336	336	0	0	0
4,400	36,686	56	399	399	0	0	0
4,500	37,012	51	333	333	0	0	0
4,600	38,219	35	402	402	0	0	0
4,700	37,778	36	415	415	0	0	0
4,800	39,338	26	363	363	0	0	0
4,900	36,021	21	288	288	0	0	0
5,000	36,246	15	224	224	0	0	0
5,100	38,551	16	311	311	0	0	0
5,200	38,623	12	319	319	0	0	0
5,300	39,624	11	314	314	0	0	0
5,400	37,985	14	309	309	0	0	0
5,500	38,604	4	488	488	0	0	0
5,600	38,405	1	500	500	0	0	0
5,700	40,279	6	398	398	0	0	0
5,800	37,701	1	525	525	0	0	0
5,900	37,459	3	317	317	0	0	0
6,000 +	39,367	4	163	163	0	0	0

Note: Dependent students only
Source: Higher Education Coordinating Board

b. Dependency

Introduction: As the Coordinating Board was conducting a comprehensive review of the state's financial aid policy in the early 1980s, concerns arose about the student dependency definition used in the State Scholarship and Grant Program.

The Minnesota State Scholarship and Grant-in-Aid Program has used the federal definition of student dependency since the state program began. This definition presumes the student is dependent on parents unless certain conditions are met. An unmarried applicant is considered independent of his or her parents if the following conditions exist for the year prior to applying and will exist during the time the student receives grant aid:

Parents did (will) not claim the student as an income tax exemption.

Student did (will) not live with parents more than 42 days.

Parents did (will) provide $750 or less of support.

While unmarried students must wait one year, married students are not required to wait. They only need to meet the three conditions while receiving a scholarship or grant. In addition, orphans and wards of the court are automatically exempt from the definition.

All scholarship and grant applicants are expected to contribute at least 50 percent of their cost of attendance from savings, earnings, loans or other additional assistance. The remaining cost is met by a contribution from the parents determined by a national need analysis and the combination of federal Pell grant and state scholarship and grant awards.

Traditionally, parents have been expected to contribute what they reasonably can, except for those students who have established a pattern of self-supporting behavior. The clear intent has been to reserve independent student status for those students who make a clear break with their parents before enrolling in a post-secondary institution. Consideration of parental resources provides an incentive for the student to seek aid as an independent student and disregard his or her parents' financial position.

Most applicants to the State Scholarship and Grant Program submit parental financial information, and a need analysis determines how much the students' parents are expected to contribute. This group, known as dependent students, represented about 75 percent of the students offered awards in Fiscal Year 1984.

Some students, however, do not have a family unit from which to draw assistance in paying their edu-

TABLE II. 12
AVERAGE STATE AWARD AND COMBINED STATE PLUS PELL AWARDS BY PARENTAL CONTRIBUTION AND AVERAGE FAMILY INCOME PRIVATE TWO-YEAR INSTITUTIONS, FISCAL YEARS 1983 AND 1984

Parental Contribution	Average 1982 Family Income	Fiscal Year 1983 Number	Fiscal Year 1983 Average State Award	Fiscal Year 1983 Average Combined Award	Fiscal Year 1984 Number	Fiscal Year 1984 Average State Award	Fiscal Year 1984 Average Combined Award
0	$ 6,457	674	784	2,148	1,232	1,150	2,563
100	15,446	55	825	1,713	86	1,553	2,362
200	16,914	62	854	1,581	90	1,500	2,265
300	18,349	62	898	1,399	86	1,634	2,218
400	19,220	69	860	1,431	96	1,532	2,036
500	20,354	67	877	1,410	101	1,644	2,085
600	21,310	75	833	1,255	101	1,607	1,971
700	22,416	64	869	1,142	92	1,541	1,832
800	23,023	56	828	1,048	101	1,630	1,800
900	23,692	56	796	968	98	1,464	1,615
1,000	24,132	55	861	923	97	1,332	1,436
1,100	25,145	70	886	962	73	1,359	1,395
1,200	25,722	46	792	854	79	1,279	1,341
1,300	26,160	51	854	887	78	1,245	1,272
1,400	26,622	46	831	879	70	1,258	1,270
1,500	27,663	60	799	815	77	1,107	1,107
1,600	28,909	42	738	738	57	1,051	1,069
1,700	28,891	35	795	795	67	1,001	1,001
1,800	29,316	44	780	786	47	965	965
1,900	29,040	35	649	649	55	853	853
2,000	30,722	33	727	727	41	772	772
2,100	30,800	30	624	624	49	664	664
2,200	30,883	41	628	628	34	621	621
2,300	31,398	15	622	622	34	546	546
2,400	32,010	20	561	561	33	525	525
2,500	31,609	20	613	613	39	459	459
2,600	32,353	23	555	555	35	403	403
2,700	32,652	14	492	492	40	302	302
2,800	33,512	13	538	538	24	239	239
2,900	34,817	10	560	560	20	172	172
3,000	34,065	12	463	463	15	128	128
3,100	34,270	18	484	484	0	0	0
3,200	34,368	12	317	317	0	0	0
3,300	34,673	11	446	446	0	0	0
3,400	35,098	10	331	331	0	0	0
3,500	35,935	2	538	538	0	0	0
3,600	35,931	4	270	270	0	0	0
3,700	36,208	6	244	244	0	0	0
3,800	35,916	6	243	243	0	0	0
3,900	36,854	2	550	550	0	0	0
4,000 +		14	226	226	0	0	0

Note: Dependent students only.
Source: Higher Education Coordinating Board

cational costs while other students choose to establish a pattern of self-supporting behavior.

Some students personally finance their total cost of attendance—the student share, the parent share, and the government share. They seldom are considered in financial aid policy because they never apply for aid; they have chosen to "make it on their own."

Some students who want to be self-supporting, however, do apply for a scholarship or grant. Their parents' financial status is ignored in calculating the award. These students are referred to as independent students. In effect, however, they are independent only from their family and have instead shifted that dependence to the State Scholarship and Grant Program.

Background: Concerned about the adequacy of the current definition, the Coordinating Board in 1982 directed its staff to analyze the characteristics of students claiming financial assistance from their parents, how alternative eligibility criteria would affect who qualifies as independent, and the resources of these students that should be recognized in determining state financial aid.

In April 1983 the Board received a staff paper on student dependency for the State Scholarship and Grant Program, and it was discussed by the Board's financial aid committee.[13] The paper analyzes issues related to the definition and treatment of the independent student. The current definition and determination of award size are described. Current trends and conditions that suggest the need for definitional changes are presented. Five definitions ranging from very lax to very strict are considered and evaluated.

The Coordinating Board and its staff consulted extensively with individuals and groups interested in the dependency issue both prior to and after the release of the staff paper.

The Board's Committee of the Whole discussed the paper June 1, 1983, and considered several options for determining student dependency status. In anticipation of a federal decision on revising the definition, the Board delayed action until fall 1983. The federal Department of Education had published a new, more stringent definition on May 23, 1983, for public comment. If more stringent federal requirements had been adopted, the Board may have decided to accept a new federal approach rather than adopt a separate state definition. Using one definition for both state and federal programs makes it easier for students to apply, for campus aid officers to assist students, and for the Coordinating Board to administer the program. On August 3, 1983, however, Congress passed legislation, which the President signed, to override the Department of Education's proposal and freeze the current definition through at least the 1985-86 academic year.

Therefore, the Coordinating Board resumed consideration of the issue at its September 1983 meeting and concluded that the need to maintain the integrity of the State Scholarship and Grant Program outweighed the disadvantages of using a different definition than that used for the federal programs.

Recommendations: Under the Coordinating Board's recommendation of September 22, 1983, a student is to be presumed dependent on his or her parents, and the parents financial resources are to be considered in the need analysis, unless the applicant establishes one of the following:

A. The applicant has been involuntarily separated from parental support because one of the following exists:

The applicant is an orphan or ward of the state.

The applicant's parents cannot be located.

The applicant has suffered physical abuse or mental abuse necessitating such separation.

A court document or an affidavit from a clergy, social worker, lawyer, or physician would be required to verify these situations.

B. The applicant is 22 years of age or older and establishes that for the year prior to applying for aid and during the time the applicant receives aid:

The parents did not and will not claim the student as an income tax exemption;

The student did not and will not live with his or her parents more than six weeks in any calendar year; and

The parents did not and will not provide indirect support worth $750 or more in any calendar year.

C. A married applicant, regardless of age, must meet the requirements in B above only during the time he or she receives aid.

Such facts would have to be established by affidavit from the parents, if locatable, and additional documentation as reasonably may be requested. This could include income tax returns, proof of residence, voter registration or similar documentation.

The Board also voted to reaffirm its commitment to ensure access to loan capital for all students, especially those who have chosen to be self-sufficient.

In order to implement its recommendations, the Board proposed changes in the rules governing the Scholarship and Grant Program.[14]

Rationale: The Board's September 1983 recommendations were based on evidence from Scholarship and Grant Program data as well as extensive anecdotal evidence.

The student dependency issue has been raised by many individuals and groups. They include members of the legislature, past and current members of the Coordinating Board, the financial aid community, high school counselors, and citizens who have had some experience with the Scholarship and Grant Program.

Some citizens complained that other families were abrogating their responsibility to help pay for their child's education by arranging their affairs to become exempt from the current definition of dependency and thus qualify for a larger financial aid award than they are entitled to receive. Financial aid officers and high school counselors provided Coordinating Board staff with examples of families that had managed for their

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[13] Minnesota Higher Education Coordinating Board, *Student Dependency for the State Scholarship and Grant Program with Coordinating Board Recommendations, Staff Technical Paper* (September 1983)

[14] See *Statement of Need and Reasonableness for Minnesota Higher Education Coordinating Board Proposed Rules (4830 0200—4830 0700) State Scholarship and Grant Program* (May 1984)

TABLE II.13
A COMPARISON OF THE NUMBER OF INDEPENDENT STUDENTS AND DEPENDENT STUDENTS RECEIVING AWARDS, 1979-80 THROUGH 1983-84

	1979-80		1980-81		1981-82		1982-83		1983-84[1]		Growth 1979-80 to 1982-83	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Independent Students	1,971	7.0	5,449	14.2	7,015	16.4	7,895	19.2	12,217	24.3	5,924	300.6
Dependent Students	26,051	93.0	32,851	85.5	35,851	83.6	33,132	80.8	38,036	75.7	7,081	27.2
Total	28,022	100.0	38,300	100.0	42,866	100.0	41,027	100.0	50,253	100.0	13,005	46.4

[1] Preliminary data as of 4 11 84 for the 1983-84 academic year.

Source: Minnesota Higher Education Coordinating Board

TABLE II.14
INDEPENDENT SCHOLARSHIP AND GRANT AWARD RECIPIENTS UNDER AGE 22, 1979-80 THROUGH 1983-84[1]

Year	No.[1]	# Increase	% Increase
1979-80	690	—	—
1980-81	1,475	785	113.7%
1981-82	1,633	158	10.7%
1982-83	1,710	77	4.7%
1983-84[2]	2,056	346	20.2%

[1] Includes single recipients under 22

[2] Data as of 4 11 84 for 1983-84 academic year.

Source: Minnesota Higher Education Coordinating Board

children to apply for financial aid as independent students.

In response to this evidence, the Coordinating Board in 1981-82 expanded its efforts to verify independent student status. Since 1981-82 everyone applying as an independent student who is under 30 years of age has been required to submit a notarized statement signed by his or her parents verifying the accuracy of the information used to determine exemption from parental dependency. In 1981-82 about one-third—6,000 students—of those applying for exemption from parental dependence chose not to provide a notarized statement.

The growing number of students receiving awards as independent students is a strong indication that the current definition is not accomplishing its intent.

Between 1979-80 and 1982-83, as shown in Table II.13, the number of independent student award recipients grew by 5,924, or 300.6 percent—from 1,971 to 7,895. In 1979-80, independent students received 7 percent of the 28,022 total awards while in 1982-83 they received 19.2 percent of the 41,027 awards. Preliminary figures for 1983-84 indicated that as of April 11, 1984, 12,217 awards had gone to independent students. This represented 24.3 percent of 50,253 total awards. In comparison, the number of dependent students receiving awards grew by 27.2 percent between 1979-80, and 1982-83, and the total number of recipients grew by 46.4 percent.

The data also indicate that an increasing number of those applicants receiving awards as independent students are under age 22, suggesting that their parents may be abrogating their responsibility to contribute to their child's educational costs. As shown in Table II.14, the number of independent student recipients under age 22 increased by 1,020, or 148 percent, between 1979-80 and 1982-83. Preliminary data for 1983-84 showed that 2,056 independent student recipients were under age 22, an increase of 20.2 percent from 1982-83.

The Board also found that the current policy, although it may appear reasonable philosophically, presents several problems in practice.

The income tax exemption is the only measure that is objective and verifiable. Although it is a fairly reasonable measure of dependence, it is not a good measure of independence. Even if the parents don't claim the student as an exemption, they may still provide support for the child.

Parents may find it easy to give up a $750 deduction—amounting to a maximum tax loss of approximately $400—in order for their child to garner a large windfall in student financial aid by applying as an independent student. The applicant must meet the criteria for the year prior to applying for a scholarship or grant and must promise that the conditions will hold for the year the award is made. A parent claiming his or her child as an exemption, however, could revise and refile the tax form in order for the student to be considered independent.

The two other criteria—living with parents and $750 worth of support—are not verifiable. Requiring verification of these measures is burdensome and creates an onerous information gathering task for the applicant and his or her family. Further, while the income tax exemption measure is well understood, the $750 worth of support and living at home measures are subject to many interpretations. It is unclear, for example, what is to be included in the $750 and from whom it may come.

Based on these findings, the Board concluded that the current definition of dependency no longer works as a reasonable proxy to distinguish between students who can rely on their parents for financial support and those who are emancipated and have established a pattern of self-supporting behavior.

The current definition allows students and their parents to arrange their financial affairs so that the student is eligible to apply as an "independent student." This contradicts the purpose of the definition, since students who have not established a prior pattern of self-supporting behavior are able to meet the three conditions of the current definition. This is not to suggest that students and parents are lying, cheating or committing fraud. It does suggest, however, that the current definition is not working as well as it was intended and is not consistent with the intent of the independent student concept.

The problems with the current policy have significant implications for state financial aid policy. The growing number of awards to students whose parents could and should be expected to contribute shifts resources away from students whose parents cannot be expected to contribute to the cost of attendance, thus potentially denying aid to students with the greatest financial need.

The current definition essentially holds parents accountable only if they wish to be. And given the options, particularly in a state that provides significant financial aid in addition to what is available through the federal programs, there is strong incentive for families to move away from accepting responsibility. In Minnesota, for example, the decision to encourage a student to emancipate himself or herself can amount to about $3,500 per year in grant assistance alone.

Moreover, the definition is not designed for an era of financial limits. Students from families that abdicate their responsibility benefit at the direct expense of students who legitimately have no resources to draw upon because scarce resources must be spread more broadly.

In essence, the Board's recommendation would expand the current definition by adding age 22 as a condition for exemption from parental dependency and specify situations when the student under age 22 is considered involuntarily separated from parental support.

This recommendation reaffirms the expected role of the family, the student, and the state. The state fills in for family resources when the family does not have those resources, but it does not substitute for family resources where the family simply prefers not to contribute.

The Board's recommendation is based on traditional state policy that presumes parental responsibility through the traditional undergraduate years. In effect, students 22 or under would be presumed dependent on their parents. The recommendation, however, recognizes some exceptional cases by protecting those students who legitimately cannot expect to receive parental support.

Using age 22 as a condition implies that parents are expected to provide financial support, if they are able, for at least four years after their son or daughter would normally complete high school. Further, age 22 is used in other definitions of presumed dependency such as group health insurance policies and the Social Security Program.

Of the states that have adopted a separate definition than used by the federal government, New York and Indiana use the age 22 criterion and have found it workable and acceptable.

Of all the conditions implemented by other states, age is the easiest to understand, requires families to provide no additional data (the applicant's age already is collected), and is the easiest to verify. Adding age to the conditions now used would reduce the incentive for families to arrange their financial affairs so their son or daughter would be eligible for a larger scholarship or grant.

Impact: Scholarship and Grant Program data from 1979-80 through 1982-83 and preliminary data for 1983-84 provide an indication of the impact of the Coordinating Board's rule change. This information is shown in Table II.15.

If the rule change had been in effect in 1982-83, for example, 1,710, or about 22 percent of the 7,895 students receiving awards as independent students would have been affected. That is, these students would have been required to provide parental information. These are single students, under age 22. In contrast, 6,185, or 78 percent of the 7,895 independent recipients would have been unaffected. These are students 22 years old or older and married students under age 22.

Had the rule change been in effect in 1983-84—the first year of the Shared Responsibility approach—2,056 students, or 17 percent of the 12,217 award recipients, would have been affected. In contrast, 10,161, or 83 percent of the 12,217 independent

TABLE II.15
STATE SCHOLARSHIP AND GRANT RECIPIENTS UNAFFECTED AND AFFECTED BY PROPOSED RULE BY SYSTEM, 1979-80 THROUGH 1983-84[1]

	1979-80		1980-81		1981-82		1982-83		1983-84[2]	
	Number	%	Number	%	Number	%	Number	%	Number	%
			Unaffected by Proposed Rule							
22 years old or older	1,241		3,901		5,283		6,009		9,859	
Under 22 years, married	40		73		99		176		302	
Total Unaffected	1,281		3,974		5,382		6,185		10,161	
Under 22 years old, single:			Affected by Proposed Rule							
Area Vocational-Technical Institutes	61	8.8	153	10.4	164	10.0	219	12.8	384	18.7
State Universities	148	21.4	421	28.5	451	27.6	457	26.7	532	25.9
Community Colleges	29	4.2	98	6.6	117	7.2	115	6.7	172	8.4
University of Minnesota	189	27.4	411	27.9	449	27.5	470	27.5	495	24.1
Private Four-Year	215	31.2	320	21.7	368	22.5	350	20.5	333	16.2
Private Two-Year	48	7.0	72	4.9	84	5.1	99	5.8	140	6.8
Total Independent Recipients Affected	690		1,475		1,633		1,710		2,056	
Total Independent Recipients	1,971		5,449		7,015		7,895		12,217	
Total Awards Made	28,022	100.0	38,300	100.0	42,866	100.0	41,027	100.0	50,253	100.0

[1] Includes those who might be exempt because of physical or mental abuse

[2] Data as of 4 11 84.

Source: Minnesota Higher Education Coordinating Board

award recipients, would have been unaffected.

In both 1982-83 and 1983-84, four percent of all award recipients would have been affected had the age 22 criterion been in place.

Some of the affected students likely would submit financial information about their parents and continue to receive an award as dependent students.

Affected students still would have a range of opportunities to pursue their education beyond high school. They could apply for federal aid as independent students under the current definition. This would make them eligible for such programs as the federal Pell Grant Program and the Guaranteed Student Loan Program. They would be eligible also for many campus-based programs and private aid programs.

Moreover, these students could benefit from the new state Student Education Loan Fund initiated in early 1985. These loans will enable them to use their future incomes as a way of financing their post-secondary education without compromising their desire to be self sufficient.

Status: A public hearing on the proposed rules was held July 12, 1984. In his statement of findings released September 5, 1984, Administrative Law Judge Peter Erickson said that the Coordinating Board had demonstrated the need for and reasonableness of its proposed rules governing student dependency for the State Scholarship and Grant Program and the proposed rules should be adopted.

"The need for the proposed rule has essentially been established by the legislative directive that parents who are financially able are expected to contribute to the cost of their son's or daughter's education," Erickson said.

"The Board's methodology to implement this directive, although perhaps imperfect, has been shown to be reasonable. The Board has demonstrated a rational basis for the adoption of this simplified administrative approach to determine the dependency—independent status question."

Erickson added that the proposed rule would be reasonable, and perhaps eliminate valid concerns, if additional exemptions to the 22-year-old criteria were enumerated in the rule. The Board may, he said, want to consider adding a "grandfather" provision so that persons now receiving assistance as independent students under the current standards may continue to do so.

"The Administrative Law Judge fully recognizes that certain independent students may be adversely affected because of the adoption of the proposed rules," Erickson said. "This may be the result of special circumstances or the fact that parents have refused to give financial assistance.

"The Board, however, has made a policy decision, which they are empowered by statute to make, to redefine the criteria for dependent students. This policy decision was made pursuant to a legislative directive, because of perceived abuses in the system, and as a simplified administrative approach to providing financial assistance. The Board has demonstrated the need for and reasonableness of the proposed rule by an affirmative presentation of the facts."

The Minnesota Public Interest Research Group (MPIRG) argued that the changes in the definition of independent student status create an irrebuttable presumption that students under the age of 22 are not independent from their parents in violation of the equal protection clause of the 14th Amendment, Erickson said.

The judge found that although limited exceptions are provided, an irrebuttable presumption has been created for a single student under the age of 22. "However," he said, "the presumption is responsive to the directive of the Minnesota Legislature which states that the student's parents, if financially able, are expected to assist in the cost of higher education."

Amendments: At its September 20, 1984 meeting, the Coordinating Board adopted the rules; it also increased the exemptions from its original rule proposal and added an appeal process for applicants.

Under an amendment approved in September, applicants under age 22 who can document undue hardship because they have been involuntarily separated from their family and refused their parents financial support can request consideration as an independent student. The applicant must meet the three conditions of the current rule and submit information substantiating his or her situation.

Documentation establishing that the applicant's parents have severed relations with the applicant and have refused to provide financial support to the applicant must be submitted by the applicant, by the applicant's parents if possible, and by members of the clergy, social workers, or lawyers.

The Board may request additional documentation such as income tax returns, rent payments, proof of residence, voter registration or similar documentation to establish that the applicant's parents have severed relations with their child and that the applicant has established a pattern of self-supporting behavior.

The documentation will be presented to a fact finding committee consisting of the Board's deputy executive director, one financial aid officer appointed by the Board, and one student appointed by the Board.

In addition to married students under 22, veterans, single parents, divorced applicants, or persons separated from their spouse will be considered independent if they meet the three conditions in the existing rule.

Applicants may appeal a ruling on their status to the Board's executive director. If not satisfied by his finding, they may appeal to the Board and further to the Office of Administrative Hearings.

c. Financial Aid for Part-Time Students

Introduction: Part-time students constitute a large and diverse group. Students registered for fewer than 12 credits per term, or the equivalent, are considered part-time students. But the meaning of part-time goes beyond course load levels; it often is used to refer to adult students, lifelong learners, and returning students.

Part-time students make up about one-fourth of all undergraduates attending Minnesota post-secondary institutions; yet in attempting to pay for their attendance costs, part-time students have less access to financial aid programs than their full-time counterparts even though they have the same educational objectives. Differences in treatment of part-time and full-time students suggest the need for a review of financial aid policies and practices for these students.

Issue: The issue is to ensure that assistance for part-time students meets the criteria most often applied to state financial aid policy—equality of opportunity, fairness, responsiveness, and accountability.

Background: The Coordinating Board has been reviewing the needs of part-time students for several years. In 1979 the Board examined the state's goals and policies for serving part-time and returning students.[15] When the Board made recommendations in June 1981, the issue of financial aid for part-time students was deferred to a long-range planning project on student financial aid.

Based on the Board's recommendations, Governor Rudy Perpich recommended and the 1983 Legislature adopted major revisions in the Scholarship and Grant Program to ensure equality of opportunity. As part of the Board's overall financial aid planning effort, subsequent projects focused on student loan options and the definition of student dependency.

In revising the Scholarship and Grant Program, the 1983 Legislature expressed concern about financial aid for part-time students. Governor Rudy Perpich had recommended that the Part-Time Grant Program be eliminated and part-time students served through the State Scholarship and Grant Program. The 1983 Legislature expressed its intent to eliminate the program and consolidate it into the larger State Scholarship and Grant Program. Recognizing that the implementation of the mandate could not occur immediately, the legislature indicated that up to $300,000 per year could be available for part-time students under the existing Part-Time Grant Program provisions.[16]

Given these developments, the Board staff in 1984 conducted a study of financial aid for part-time students. Assistance was provided by a special advisory committee of representatives from each post-secondary system. Consultation also occurred with the Board's regular financial aid advisory committee, its student advisory committee, and the Higher Education Advisory Council.

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[15] Minnesota Higher Education Coordinating Board, *Post-Secondary Education for Part-Time and Returning Students* (June 1981).

[16] *Laws of Minnesota for 1983*, Chapter 258, Section 3, Subd. 3.

The staff paper examined the current population of part-time students, reviewed the availability of aid for part-time students, and identified three alternative approaches to meeting the financial needs of these students. The three models were evaluated on the basis of how well they fulfill four criteria—equality of opportunity, fairness, responsiveness and accountability.[17]

Access to the major federal and state foundation grant programs has been restricted by the establishment of minimum credit standards. To receive a Pell Grant, for example, a student must take at least a half-time course load of six credits per term. To gain access to the State Scholarship and Grant Program, a student must take a full-time course load of at least 12 credits per term.

Recognizing the needs of part-time students, the federal and state governments have mandated policies to assist the part-time population. The federal government expanded its role in financing part-time education in the 1980 Higher Education Act reauthorization by allowing up to 10 percent of certain campus-based program funds to be expended on students taking less than a half-time course load.

The only state program specifically designed to assist part-time students is the Part-Time Grant Program administered by the Higher Education Coordinating Board.[18] The Part-Time Grant Program was enacted in 1977 to provide grants to needy students registered for less than full-time courseloads and pursuing programs of study leading to degrees, diplomas, or certificates. (See Chapter IV.C.1.b.)

The existing Part-Time Grant Program is one of several possible approaches to meeting the needs of part-time students. The Board examined the following three models:

a campus discretionary model that has all the responsibilities delegated to the campus.

a state directed model that retains the policy determination at the state level and delegates the fiscal management and delivery to the post-secondary institutions. The existing Part-Time Grant Program is an example of this model.

a state formula model that retains the policy determination and fiscal management at the state level and leaves the delegation of the delivery an open question. The State Scholarship and Grant Program is an example of this model with centralized delivery. The evaluation of this model was based on extending the eligibility criteria and award determination methodology of the State Scholarship and Grant Program to part-time students.

Findings: Following are highlights of the study:

Students registering for part-time course loads attend for the same reasons as full-time students. Part-time students seek to earn the same degrees, diplomas, or program certificates as their full-time counterparts. The use of a registration level, such as 12 credits per term, does not distinguish student motivations or need, especially for students with significant family, career and social commitments.

Approximately 189,000 Pell Grant recipients nationally in 1981-82 registered for course loads between half and full-time levels; this represented 7 percent of 2.7 million recipients.

Based on 1982-83 federal College Work Study and Supplemental Educational Opportunity Grant allocations to Minnesota institutions, about $1.2 million was available for less-than-half-time students. Financial aid officers in Minnesota, however, indicate that they designate little, if any, of these funds to students registering for less-than-half-time course loads.

Employer-based assistance helps many part-time students, but in order to benefit the student must be employed and often must be enrolled in a job-related course of study. Thus, this source of assistance may have limited value to students seeking career advancement or enhancement, the leading motivation of part-time students. Further, recent federal tax legislation may curtail tax benefits previously allowed through this form of assistance.

While the State Scholarship and Grant Program distributed about $48 million in grant aid to 25 percent of all undergraduates registered at Minnesota institutions in 1983-84, the Part-Time Grant Program distributed less than $300,000 to 2 percent of the part-time students.

In 1982-83, 1,245 students, or 1.9 percent of the part-time student enrollment, received awards under the Part-Time Grant Program. The total amount disbursed was $278,850, and the average award was $224. The allocation to campuses varied from $51 to Golden Valley Lutheran College to $138,553 to the University of Minnesota-Twin Cities. The allocation to eight of the 37 participating post-secondary institutions was less than $500. At 18 of the participating post-secondary institutions, fewer than 10 students received an award.

In 1982-83, over half (58 percent) the recipients registered for less than 20 percent of a full-year course load, the equivalent of seven or fewer credits.[19] Their average award was $98 per student and they received one-quarter (26 percent) of the total spending for the program. Less than 2 percent of the recipients registered for more than 80 percent of a full-year course load; these students received an average award of $916.

Almost three-quarters (74 percent) of the students receiving part-time grants in 1982-83 were undergraduates, 7 percent were graduates, and 19 percent "other." Many of the students in the "other" category were baccalaureate graduates enrolled in a certificate program such as accounting.

In 1982-83 fewer part-time grants were awarded to students registering for half-time or larger course loads than might be anticipated on the basis of registration levels of all part-time undergraduates. While 43 percent of the part-time students registering in a community college, for example, took more than a half-time course load, only 16 percent of the part-time grants were awarded to this population. A similar situation existed in all systems for which data were available.

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[17] Minnesota Higher Education Coordinating Board, *Financial Aid for Part-Time Students* (September 1984).

[18] *Minn. Stat.*, Section 136A.132 (1984).

[19] These data are based on the number of credits for which the student received a part-time grant. They could have taken additional coursework not covered by part-time grants.

State financial aid policy treats full-time students and part-time students quite differently as a result of differences in eligibility criteria and award determination methodologies under the State Scholarship and Grant and the Part-Time Grant Programs. Some students are eligible for financial aid only if they register for a part-time course load. The Part-Time Grant Program, at its low funding level—$300,000 per year—does not by itself, however, provide a large incentive for students to enroll on a part-time rather than full-time basis. Other students are required to register for full-time course loads in order to be eligible for state financial aid.

The size of a part-time grant for eligible students at a particular institution is the same regardless of family income. That is, the maximum award equals tuition and fees. Under the Scholarship and Grant Program, however, the determination of an award is influenced by the family's financial situation. In some cases the State Scholarship and Grant Program provides more assistance, and in other cases the Part-Time Grant Program provides proportionately more assistance.

A campus discretionary model would enable the post-secondary institutions to respond quickly to applicants, usually a concern for serving part-time students. This approach would not ensure access to sufficient financial resources for all students, and it would not ensure that all students are treated similarly. It would be difficult to determine if funds were reaching the intended population.

The state-directed model would enable the state to monitor the expenditure of funds and ensure that similar students attending similar post-secondary institutions are treated similarly. This approach does not ensure that sufficient assistance is available to the student because the grant covers only tuition and fees.

The state formula approach, as used in the State Scholarship and Grant Program, provides the potential of ensuring equal opportunity since the state would retain responsibility for policy management, specification of eligibility criteria, award determination methodology and fiscal management. This alternative could ensure that the treatment of students would not change if the student moves from a full-time to part-time registration level. This model would be less responsive than the other approaches because any model requiring the collection and analysis of personal financial data takes time for processing.

The three models are not consistent in the size of award. A campus discretionary model would award whatever the financial aid officer deemed reasonable. The Part-Time Grant Program and the State Scholarship and Grant Program extended to part-time students would produce different distributions of awards. The State Scholarship and Grant Program targets the awards to lower income students with higher costs of attendance, either as a result of higher tuitions or higher registration levels.

A comparison of awards under the three approaches is shown in Table II.16. The first student has an expected parental contribution of $400 while the second student has a parental contribution of $1,300. It is assumed that both students have a cost of attendance of $4,000. Under the Part-Time Grant Program award determination methodology, both students would receive the same size awards if they attended the same post-secondary institution. In contrast, the State Scholarship and Grant Program extended to part-time students would target the awards to the first student. At registration levels below 50 percent, the student with the high expected parental contribution would receive no award. As each student approaches a full-time registration level, the award for the student with fewer resources would be higher using the Shared Responsibility formula while the student with more resources would receive more using the Part-Time Grant Program methodology.

Recommendations: Based on the study, the Coordinating Board in September 1984 adopted the following recommendations:

1. That the Minnesota State Scholarship and Grant Program be modified by:

(a) extending eligibility to students who register for a minimum of six credits, or the equivalent, per term;

(b) prorating the full-time cost of attendance for students who register for fewer than 12 credits, or the equivalent, per term;

(c) recognizing only credits, or the equivalent workload measure, associated with courses required for graduation or that can be applied toward the requirements for graduation.

Rationale: The study concluded that students registering for part-time course loads pursue post-secondary education for the same reasons and as seriously as those registering for full-time course loads. Extending the State Scholarship and Grant Program to those registering for less than full-time course loads would ensure that all eligible students would be treated fairly.

The Shared Responsibility formula uses the cost of attendance (tuition and fees, living and miscellaneous expenses) as the basis for calculating need. Prorating the budget ensures that the living and miscellaneous costs are considered in the award determination.

The purpose of the State Scholarship and Grant Program is to assist students in obtaining a degree, diploma or certificate. Restricting eligibility to courses that are required for graduation (including remedial courses), or that can be applied toward the requirements for graduation, ensures that this purpose is maintained.

Impact: Implementing these changes would provide the benefits of the State Scholarship and Grant Program to 5,000 to 7,000 students not now being served adequately. Once fully implemented, this extension could require up to $7 million in additional state funds annually. In addition, these changes would require changes in the administration of the State Scholarship and Grant Program since award size would depend on registration level.

2. That the Minnesota Part-Time Grant Program be modified by:

(a) limiting grant eligibility to students who are registered for fewer than six credits, or the equivalent, per term, and to new or returning students who are registering for at least six credits but fewer than 12 credits, or the equivalent, during the first term after revision of the program statute in which they apply for a state grant;

(b) making all other eligibility criteria consistent with those of the State Scholarship and Grant Program;

(c) requiring each post-secondary institution to adopt a need analysis that is consistent with an institution's overall financial aid policy and considers both the student's educational budget and resources.

Rationale: Making the eligibility criteria consistent between the two programs would ensure that the same standards apply to all students, regardless of their registration level.

TABLE II.16
COMPARISON OF AWARDS UNDER ALTERNATIVE MODELS OF FINANCIAL AID FOR PART-TIME STUDENTS

		Registration Level			
Alternative	Student	25%	50%	75%	100%
Campus Discretionary Model	1	?	?	?	?
	2	?	?	?	?
Part-Time Grant Program	1	$312	$625	$938	$1,250
	2	312	625	938	1,250
State Scholarship and Grant Program	1	$100	$600	$1,100	$1,600
	2	0	0	200	700

Note: Student 1 has an expected parent contribution of $400 and Student 2, $1,300. Both students have a cost of attendance of $4,000.
SOURCE: Minnesota Higher Education Coordinating Board

By delegating the responsibility for need analysis and delivery, the post-secondary institutions would be able to respond more quickly to the needs of students registering for less than half-time course loads. For new and returning students registering for between six and 11 credits who need a quicker response than is possible with the State Scholarship and Grant Program, post-secondary institutions would be able to determine award size and make the initial grant disbursement. The student then would have all the information needed to make the initial enrollment decision. This would alleviate the most significant shortcoming of the State Scholarship and Grant Program, its inability to respond quickly.

Impact: This recommendation would eliminate eligibility for graduate, professional, and post-baccalaureate undergraduate students. The recommendation would allow post-secondary institutions to consider educational expenses beyond tuition and fees, an important consideration for many lower income students. Based on an extension of the Shared Responsibility model to students registering for one to five credits, or the equivalent, per term, about $2.4 million in additional state funds would be required to meet the projected need of this population.

d. Loan Policy

Introduction: Students rely extensively on loans to help finance their education beyond high school. Loans, which students must repay upon completion of their education, generally make up one part of a financial aid package that includes grants and work-study awards. Student borrowing in Minnesota, as shown in Table II.17, totals about $200 million per year; approximately one of every two Minnesota students borrows to help pay educational costs. Most of the borrowing occurs under three federal programs—the Guaranteed Student Loan (GSL), the National Direct Student Loan, and the Parent Loans to Assist Undergraduate Student Loan Programs.Table II.18 shows borrowing under the parent loan program in Minnesota. Table II.19 displays GSL borrowing by post-secondary system.

The need to borrow is likely to increase in the 1980s as a result of rising educational costs and state policy. All State Scholarship and Grant applicants are expected to contribute at least 50 percent of their cost of attendance from savings, earnings, loans and other resources. Because many students lack adequate savings, they need to borrow against their future earnings. Several groups in particular need to borrow—students who make a personal commitment to be self sufficient, students who must finance more than they are expected to because of their parents' refusal to accept their obligation to contribute, graduate and professional students, and residents who attend out-of-state institutions and are not eligible for grants.

Issue: The issue is whether student borrowing needs are met adequately by existing student loan programs and whether any new policies or programs need to be developed by the state to meet student borrowing needs.

Background: Recognizing the importance of borrowing as an integral part of state financial aid policy, the Higher Education Coordinating Board, prior to and during the current biennium, examined the status of existing loan programs, the need for a supplemental state program, and the development of such a program.

While considering a new policy for the State Scholarship and Grant Program in 1982, the Board concluded that the critical and growing role of student financial credit must be acknowledged, that the role is likely to grow, and that it should be stated explicitly and assessed in a separate paper. Noting changes in federal loan policy to restrict GSL borrowing that had been implemented in late 1981 and major changes proposed subsequently, the Board indicated that the paper should include a study of the possibility of providing a supplemental state loan program.

To help in its assessment, the Board contracted for three technical studies. One study provided a review and analysis of student loan market conditions, including both student and lender participation. A second examined possible loan limits for financing post-secondary education; that

TABLE II.17
STUDENT BORROWING IN MINNESOTA, FISCAL YEARS 1980-1984, BY HIGHER EDUCATION COORDINATING BOARD AND PRIVATE LENDERS UNDER THE GUARANTEED STUDENT LOAN PROGRAM[1]

Fiscal Year	No.of HECB Loans	Total Dollars (Millions)	Avg. Loan Size	No. of Loans By Private Lenders	Total Dollars (Millions)	Avg. Loan Size	Total Minnesota Loans	Total Dollars (Millions)	Avg. Loan Size
1980	33,499	$ 62,108,509	$1,854	33,708	$ 69,710,462	$2,068	67,207	$131,818,971	$1,961
1981	55,648	109,522,423	1,968	51,766	113,693,881	2,196	107,414	223,216,304	2,078
1982	37,458	73,474,066	1,961	47,430	104,981,002	2,213	84,888	178,455,068	2,102
1983	33,268	64,388,000	1,935	58,509	125,544,340	2,146	91,777	189,932,540	2,069
1984	27,685	55,113,012	1,990	66,297	145,053,869	2,187	93,982	200,166,881	2,130

[1] Federal fiscal years, October 1 to September 30.

SOURCE: Higher Education Assistance Foundation and Higher Education Coordinating Board.

TABLE II.18
STUDENT BORROWING IN MINNESOTA UNDER THE PLUS/ALAS PROGRAM, FISCAL YEARS 1982-1984[1]

Fiscal Year	Number of Lenders	Number of Loans	Amount	Average Loan Size
1982	NA	552	$1,376,259	$2,493
1983	392	2,147	$5,383,664	$2,507
1984	434	3,094	$7,811,897	$2,524

NA-Not available

[1] Federal Fiscal Year, October 1, 1981 through June 30, 1984.

SOURCE: Higher Education Assistance Foundation

TABLE II. 19
BORROWING UNDER GUARANTEED STUDENT LOAN PROGRAM BY SYSTEM, FISCAL YEARS 1980-1983[1]

	FY 1980		FY 1981		FY 1982		FY 1983	
	# Borrowers	$ Amount	# Borrowers	$ Amount	# Borrowers	$ Amount	# Borrowers	$ Amount
U of M	11,592	$28,069,647	21,311	$ 52,631,224	16,531	$ 41,114,159	15,593	$ 39,191,292
State Us	8,349	14,951,167	16,434	29,362,436	12,088	20,942,883	13,283	23,062,776
Comm. Colleges	2,964	4,748,154	6,766	12,139,831	5,399	9,876,695	5,857	10,400,206
AVTIs	7,937	12,282,138	13,668	23,031,722	12,295	21,544,663	14,711	26,525,300
Private 2/4 Yr	17,603	37,046,290	30,593	64,417,467	25,330	55,580,372	28,433	63,933,817
TOTALS	48,445	$ 97,097,396	88,772	$181,582,680	71,663	$149,058,772	77,877	$163,113,391

Includes Minnesota schools only, does not include Minnesota borrowers attending an institution outside Minnesota. Includes loans from private lenders and the state. Activity is for the federal fiscal year, October 1, September 30.

Source: Higher Education Assistance Foundation is, whether students could afford to borrow more than allowed by existing programs. The third study explored several specific options for alternative programs.[20]

The staff paper was completed in June 1983.[21] The paper concluded that:

> Existing loan programs do not adequately serve students who are ineligible because their parents' income exceeds a certain amount and those who need to borrow more than what is allowed under existing programs.
>
> Most students can handle reasonable levels of indebtedness, although what is reasonable varies greatly depending both on the terms of the loan and on the likely future earnings of the borrower.
>
> Access to student loan capital is controlled by the federal government, not the state.
>
> There are several ways the state could develop a program or programs to supplement existing federal programs. The most effective option appears to be through the use of tax-exempt financing.

Following considerable discussion, the Board directed staff to explore the development of a self-supporting, tax-exempt funded supplemental loan program that would meet the unmet borrowing needs of Minnesota students. The Board directed staff to develop a specific proposal for review by the Board and to examine several issues raised in its discussion of the paper.

In February 1983, the Board had voted to authorize staff to secure enabling legislation for such a program which could be pursued, if needed, pending a review of the paper's conclusions.

The 1983 Legislature authorized the Board to provide for a supplemental loan program with approval required by the Legislative Advisory Commission (LAC).[22] In April 1984 the legislature extended the Coordinating Board's authority to adopt temporary rules for the 1984-85 school year, if a program is implemented.[23] A paper containing a design of a supplemental program that would be consistent with the 1983 authorizing legislation and financially feasible to operate was completed by staff and presented to the Board in May 1984.[24]

The paper describes the estimated demand for a supplemental state loan program, the proposed program's features, and the financing and administration of it.

Specifically, the program would:

> provide general access to as many students as possible;
>
> provide the loan at as low a cost to the student as possible yet expect the student to share reasonably in the loan costs;
>
> integrate well with existing state financial aid programs and policies; and
>
> encourage the development of partnerships with the business and educational communities to formulate innovative program features.

The Board directed staff to pursue the development, funding, and implementation of the program with a target date of fall 1984. In June 1984 the LAC approved the program, as required by statute.

Although it is difficult to project demand for the program, the Board estimates that it would be $35 to $50 million when the program is fully mature. The program will be administered by the Coordinating Board. Many of the terms and features are dictated by state statute while others are being developed to provide smooth and efficient administration. (See Chapter IV.C.1.f for a description of the program's features and funding arrangements).

5. Joint Impacts of the Tuition and Financial Aid Policies

Introduction: The tuition and financial aid policies included in the 1983 financing initiatives were designed to complement each other. The uniform cost related tuition policy, in raising additional revenue for the public post-secondary systems, resulted in significant increases in tuition rates for students in those systems. The Design for Shared Responsibility in financial aid more effectively directed aid to students in lower income families.

The joint objectives of the two policies were (1) to require students from upper middle and upper income families to pay a larger share of the costs of instruction through tuition and (2) to provide students from lower and lower middle income families additional financial aid. The additional financial aid would more than offset the tuition increase at the lowest income levels and partially offset the tuition increase at the lower middle income levels.

This section examines the joint impacts of the tuition and financial aid policies by comparing changes in tuition and required fee rates with changes in average state and average combined state and federal financial aid awards. The changes occurred between Fiscal Year 1983, the last year the previous policies were in effect, and Fiscal Year 1984, the year the new policies began.

Methodology: The changes in average grants for dependent recipients are examined for selected parental contribution intervals (PCI's). Each PCI includes students with parental contributions in a $100 range for which the label is the midpoint. For example, the $500 PCI includes students with parental contributions ranging from $450 to $549. Average Fiscal Year 1984 grants for students in the selected PCI's are compared with average Fiscal Year 1983 grants in the same PCI. Since the calculation of the parental contribution controls for the effects of inflation, one can compare identical PCI's in different years.

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[20] Touche Ross and Co., *Review and Analysis of Student Loan Market Conditions* (December 1982); Richard Wabnick, *Loan Limits for Financing Post-Secondary Education* (March 1983); and Springsted Inc., *A Review of Selected Supplemental Student Loan Options for Minnesota Higher Education Coordinating Board* (March 1983).

[21] Minnesota Higher Education Coordinating Board, *Student Borrowing Needs in Minnesota and Options for Meeting This Need: A Policy Paper* (June 22, 1983).

[22] *Laws of Minnesota for 1983,* Chapter 258, Sections 43, 44 and 46-50.

[23] *Laws of Minnesota for 1984,* Chapter 654, Article 4, Section 3 (b).

[24] Minnesota Higher Education Coordinating Board, *Design for a Proposed Supplemental Student Loan Program* (May 1984).

An examination of the average annual family income of all Fiscal Year 1983-84 recipients in the selected PCI's indicates the joint impacts of the tuition and financial aid policies by income within each system or category of institutions. The incomes reported by 1983-84 recipients are those for calendar year 1982. The incomes and changes in grants are averages, and there is variation within PCI's. Consequently, the conclusions of this analysis cannot be stated in terms of the changes experienced by individuals. Rather, the conclusions refer to average changes experienced by recipients grouped according to PCI.

This analysis examines State Scholarship and Grant-in-Aid Program recipients. These recipients are full-time undergraduate Minnesota residents who are enrolled at post-secondary education institutions in Minnesota that are eligible for the program. The financial aid awards examined are those from the state program and those from the federal Pell Grant Program.

The cost related tuition policy resulted in significant tuition rate increases in the public post-secondary education systems. Students in private four-year and private two-year institutions also experienced significant tuition increases between Fiscal Years 1983 and 1984. The average increases in full-time undergraduate resident tuition and required fees between Fiscal Years 1983 and 1984 were as follows:

University of Minnesota	$184
State University System	$265
Community College System	$180
Area Vocational Technical Institutes	$201
Private Colleges and Universities	$420
Private Two-Year and Vocational Institutions	$267

Students also experienced increases in living expenses between Fiscal Years 1983 and 1984. The increases in living expenses, while important, were not addressed by the tuition or financial aid policies. Since the primary objective was to compare the changes in tuition rates with the changes in average financial aid awards that resulted from the implementation of the policies, changes in living expenses were excluded from this analysis.

University of Minnesota: Table 20 displays changes in tuition net of changes in average state and combined grants for University of Minnesota and State University System recipients. The average tuition increase of $184 at the University of Minnesota was offset in the $0 PCI by an increase in the average state grant of $225 for a net reduction of $41. The average combined state and federal grant in this interval increased by $286. Thus, the federal grant in this interval rose by $61, causing a reduction in tuition net of the change in combined grants of $102. Above the lowest PCI's, however, there was little appreciable change in federal grants. The largest increases in state grants occurred in the $100 through $500 PCI's.

In PCI's up to $1,400 at the University of Minnesota, increases in state and combined grants were large enough to offset tuition increases, due primarily to increases in average state grants of approximately $200 or more. All Fiscal Year 1984 recipients in the $1,400 PCI had a calendar year 1982 average family income of $26,622. There were 5,806 1984 University of Minnesota recipients in PCI's of $1,400 or less. This total constituted 84.34 percent of all University of Minnesota dependent recipients.

The tuition increase at the University of Minnesota was offset partially by increases in state and combined grants for PCI's from $1,500 to $1,800. The calendar year 1982 average family income of all recipients in the $1,800 PCI was $29,316. In PCI's above $1,800 the average state and combined grants declined. There were no state grants above the $2,100 PCI in Fiscal Year 1984. The largest increase in tuition net of the change in combined grants, $358, occurred in PCI's of $2,200 and above.

The average changes in tuition net of the change in dependent state and combined grants were −$61 and −$179 respectively at the University of Minnesota. The average changes in tuition net of the change in independent state and combined grants were −$34 and −$128 respectively. The overall changes in tuition net of the changes in state and combined grants at the University of Minnesota were—$52 and—$172 respectively. The overall increase in average federal grants was $120. Fiscal Year 1984 state grant recipients at the University of Minnesota constituted 31.80 percent of the eligible pool of full-time resident undergraduate students.

State University System: The increase in the State University System average state grant in the $0 PCI of $291, when combined with the increase in average tuition of $265 yielded a net reduction of $26. The average combined state and federal grant in the $0 PCI increased by $400 for a net reduction of $135. Thus, the federal grant increased by $109 in the $0 PCI. Average federal grants declined slightly in the $100 through $900 PCI's. The largest increases in average state grants also occurred in the $100 through $900 PCI's.

The increases in average state and combined grants in PCI's up to $1,300 were larger than the State University System tuition increase. There were 7,185 State University System recipients in PCI's up to $1,300 in Fiscal Year 1984, which constituted 85.96 percent of all system dependent recipients. All Fiscal Year 1984 recipients in the $1,300 PCI had a calendar year 1982 average family income of $26,160.

In PCI's from $1,400 to $1,800, a portion of the $265 average tuition increase was offset by increased average state and combined grants. Recipients in the $1,800 PCI in 1984 had a calendar year 1982 average family income of $29,316. Average state and combined grants decreased in PCI's above $1,800. The largest increase in tuition net of the change in average grants, $370, occurred in the PCI's of $2,000 and above.

The average changes in tuition net of the changes in average dependent

TABLE II. 20
CHANGE IN TUITION AND REQUIRED FEES NET OF CHANGE IN AVERAGE STATE AND FEDERAL GRANTS BETWEEN FISCAL YEARS 1982-83 AND 1983-84 BY SELECTED PARENTAL CONTRIBUTION INTERVALS UNIVERSITY OF MINNESOTA AND STATE UNIVERSITY SYSTEM

Parental Contribution Intervals (PCI's)	Average[2] Family Income FY 1984	Change in Tuition FY 1983 to FY 1984	Change in State Grant FY 1983 to FY 1984	Change in Tuition Net of Change in State Grant FY 1983 to FY 1984	Change in Combined Federal & State Grants FY 1983 to FY 1984	Change in Tuition Net of Change in Combined Grants FY 1983 to FY 1984	Cumulative[1] Number of Recipients FY 1983	Cumulative[1] Number of Recipients FY 1984
				University of Minnesota				
$ 000	$ 6,457	$184	$225	$ − 41	$286	$ − 102	1,627	2,373
500	20,354	184	347	− 163	361	− 177	2,708	3,539
1,000	24,132	184	321	− 137	327	− 143	3,961	4,844
1,400	26,622	184	201	− 17	198	− 14	4,795	5,806
1,500	27,663	184	133	51	153	31	4,962	6,006
1,800	29,316	184	19	165	14	170	5,462	6,491
2,000	30,722	184	− 75	259	− 75	259	5,711	6,765
2,100	30,800	184	− 137	321	− 137	321	5.837	6,884
2,200 and Above	—	184	− 174	358	− 174	358	6,134	—
All Dependent Recipients	22,122	184	245	− 61	363	− 179	6,134	6,884
All Independent Recipients	4,455	184	218	− 34	312	− 128	2,076	2,474
All Recipients	18,921	184	236	− 52	356	− 172	8,210	9,358
Full Time Undergraduate Residents, Fall 1983								29,426
Recipients as a Percentage of Full Time Undergraduate Residents								31.80%
				State University System				
$ 000	$ 6,457	$265	$291	$ − 26	$400	$ − 135	2,376	3,237
500	20,354	265	383	− 118	355	− 90	3,855	4,769
1,000	24,132	265	346	− 81	353	− 88	5,392	6,347
1,300	26,160	265	276	− 11	273	− 8	6,138	7,185
1,500	27,663	265	198	67	197	68	6,525	7,639
1,800	29,316	265	45	220	45	220	7,012	8,222
1,900	29,040	265	− 13	278	− 13	278	7,125	8,359
2,000 and Above	—	265	− 105	370	− 105	370	7,211	—
All Dependent Recipients	22,122	265	298	− 33	381	− 116	7,211	8,359
All Independent Recipients	4,455	265	222	43	367	− 102	1,777	2,449
All Recipients	18,921	265	280	− 15	390	− 125	8,988	10,808
Full Time Undergraduate Residents, Fall 1983								27,793
Recipients as a Percentage of Full Time Undergraduate Residents								38.89%

[1] Each entry includes all recipients at the corresponding and lower parental contribution intervals.
[2] Calendar year 1982 average annual family income reported by fiscal year 1983-84 recipients.
Source: Higher Education Coordinating Board

state and combined grants were −$33 and −$116 respectively in the State University System. The corresponding changes in average independent state and combined grants were $43 and −$102 respectively. For both categories of grants, the changes in tuition net of the changes in average state and combined grants were −$15 and −$125 respectively. The overall increase in average federal grants was $110. The

TABLE II. 21
CHANGE IN TUITION AND REQUIRED FEES NET OF CHANGE IN STATE AND FEDERAL GRANTS BETWEEN FISCAL YEARS 1982-83 AND 1983-84 BY SELECTED PARENTAL CONTRIBUTION INTERVALS COMMUNITY COLLEGE SYSTEM AND AREA VOCATIONAL-TECHNICAL INSTITUTES

Parental Contribution Intervals (PCI's)	Average[2] Family Income FY 1984	Change in Tuition FY 1983 to FY 1984	Change in State Grant FY 1983 to FY 1984	Change in Tuition Net of Change in State Grant FY 1983 to FY 1984	Change in Combined Federal & State Grants FY 1983 to FY 1984	Change in Tuition Net of Change in Combined Grants FY 1983 to FY 1984	Cumulative[1] Number of Recipients FY 1983	Cumulative[1] Number of Recipients FY 1984
				Community College System				
$ 000	$ 6,457	$180	$236	$ −56	$337	$ − 157	1,091	1,856
500	20,354	180	284	− 104	353	− 173	1,659	2,702
1,000	24,132	180	239	− 59	238	− 58	2,322	3,533
1,300	26,160	180	180	0	174	6	2,645	3,977
1,500	27,663	180	88	92	89	91	2,835	4,211
1,700	28,891	180	3	177	3	177	2,993	4,412
1,800	29,316	180	− 19	199	− 18	198	3,038	4,473
1,900 and Above	—	180	− 110	290	− 110	290	3,064	—
All Dependent Recipients	22,122	180	241	− 61	345	− 165	3,064	4,473
All Independent Recipients	4,455	180	250	− 70	349	− 169	743	1,915
All Recipients	18,921	180	244	− 64	385	− 205	3,807	6,388
Full Time Undergraduate Residents, Fall 1983								18,106
Recipients as a Percentage of Full Time Undergraduate Residents								35.28%
				Area Vocational-Technical Institutes				
$ 000	$ 6,457	$201	$263	$ −62	$353	$ − 152	2,525	3,908
500	20,354	201	226	− 25	301	− 100	3,441	5,117
1,000	24,132	201	254	− 53	249	− 48	4,239	6,294
1,100	25,145	201	207	− 6	226	− 25	4,389	6,503
1,500	27,663	201	67	134	68	133	4,830	7,141
1,700	28,891	201	20	181	20	181	4,927	7,294
All Dependent Recipients	22,122	201	250	− 49	318	− 117	4,931	7,294
All Independent Recipients	4,455	201	253	− 52	357	− 156	1,533	4,010
All Recipients	18,921	201	255	− 54	357	− 156	6,484	11,304
Full Time Undergraduate Residents, Fall 1983								31,573
Recipients as a Percentage of Full Time Undergraduate Residents								35.80%

[1] Each entry includes all recipients at the corresponding and lower parental contribution intervals.

[2] Calendar year 1982 average annual family income reported by fiscal year 1983-84 recipients.

Source: Higher Education Coordinating Board

10,808 total Fiscal Year 1984 State University System recipients constituted 38.89 percent of that system's full-time resident undergraduate enrollment in fall 1983.

Community College System: Table 21 displays changes in tuition net of the changes in average state and combined grants for the Community College System and the area vocational-technical institutes. The increase in average state grant of $236 in the $0 PCI when combined with the $180 Community College System tuition increase yielded a net reduction of $56. The change in average combined grant in this PCI was $337. This change yields a $157 reduction in tuition net of the change in the average combined grant. Thus, the average federal grant in the $0 PCI increased by $101. The largest increases in average state grants oc-

TABLE II. 22
CHANGE IN TUITION AND REQUIRED FEES NET OF CHANGE IN STATE AND FEDERAL GRANTS BETWEEN FISCAL YEARS 1982-83 AND 1983-84 BY SELECTED PARENTAL CONTRIBUTION INTERVALS PRIVATE FOUR-YEAR INSTITUTIONS

Parental Contribution Intervals (PCI's)	Average[2] Family Income FY 1984	Change in Tuition FY 1983 to FY 1984	Change in State Grant FY 1983 to FY 1984	Change in Tuition Net of Change in State Grant FY 1983 to FY 1984	Change in Combined Federal & State Grants FY 1983 to FY 1984	Change in Tuition Net of Change in Combined Grants FY 1983 to FY 1984	Cumulative[1] Number of Recipients FY 1983	Cumulative[1] Number of Recipients FY 1984
				Private Four-Year Institutions				
$ 000	$ 6,457	$420	$ 627	$ − 207	$678	$− 258	1,759	1,992
500	20,354	420	1,089	− 669	988	− 568	2,961	3,174
1,000	24,132	420	964	− 544	985	− 565	4,408	4,592
1,500	27,663	420	605	− 185	603	− 183	5,626	5,813
1,600	28,909	420	518	− 98	519	− 99	5,832	6,015
2,000	30,722	420	152	268	151	269	6,652	6,842
2,100	30,800	420	46	374	44	376	6,860	7,011
2,200	30,883	420	− 47	467	− 47	467	7,045	7,219
2,500	31,609	420	− 332	752	− 332	752	7,510	7,675
3,000	34,065	420	− 724	1,144	− 724	1,144	8,236	8,344
3,100	34,270	420	− 775	1,195	− 775	1,195	8,378	8,388
3,200 and above	—	420	− 592	1,012	− 592	1,012	9,752	—
All Dependent Recipients	22,122	420	620	− 200	722	− 302	9,752	8,388
All Independent Recipients	4,455	420	512	− 92	508	− 88	1,111	1,239
All Recipients	18,921	420	604	− 184	720	− 300	10,863	9,627
Full Time Undergraduate Residents, Fall 1983								19,994
Recipients as a Percentage of Full Time Undergraduate Residents								48.15%

[1] Each entry includes all recipients at the corresponding and lower parental contribution intervals.
[2] Calendar year 1982 average annual family income reported by fiscal year 1983-84 recipients.
Source: Higher Education Coordinating Board

curred in PCI's of $100 to $300 where federal grants declined. The average federal grant increased by $69 in the $500 PCI.

Average state and combined grants in PCI's up to $1,300 increased sufficiently to offset the tuition increase in the Community College System. There were 3,977 recipients in PCI's of $1,300 and less in Fiscal Year 1984. This total constituted 88.91 percent of system dependent recipients. The calendar year 1982 average family income of Fiscal Year 1984 recipients in the $1,300 PCI was $26,160.

The $180 tuition increase in the Community College System was offset partially by increases in average state and combined grants in PCI's from $1,400 to $1,700. The calendar year 1982 average family income of all Fiscal Year 1984 recipients in the $1,700 PCI was $28,891. In the $1,800 PCI and above, average state and combined grants declined. The largest decline of $110 occurred in PCI's of $1,900 and above. This decline yielded a change in tuition net of the changes in state and combined grants of $290.

The Community College System changes in tuition net of the changes in average dependent state and combined grants were −$61 and −$165 respectively. Corresponding changes in average independent state and combined grants were −$70 and −$169 respectively. The overall changes in tuition net of the changes in average state and combined grants were −$64 and −$205 respectively. The overall increase in average federal grants was $141. The 6,388 Community College System recipients were 35.28 percent of the full-time resident undergraduate students enrolled in that system during fall quarter 1983.

AVTIs: Average state grants to AVTI students in the $0 PCI increased by $263 between Fiscal Years 1983 and 1984. The change in tuition net of this change in average state grant

TABLE II. 23
CHANGE IN TUITION AND REQUIRED FEES NET OF CHANGE IN STATE AND FEDERAL GRANTS BETWEEN FISCAL YEARS 1982-83 AND 1983-84 BY SELECTED PARENTAL CONTRIBUTION INTERVALS PRIVATE TWO-YEAR AND VOCATIONAL INSTITUTIONS

Parental Contribution Intervals (PCI's)	Average[2] Family Income FY 1984	Change in Tuition FY 1983 to FY 1984	Change in State Grant FY 1983 to FY 1984	Change in Tuition Net of Change in State Grant FY 1983 to FY 1984	Change in Combined Federal & State Grants FY 1983 to FY 1984	Change in Tuition Net of Change in Combined Grants FY 1983 to FY 1984	Cumulative[1] Number of Recipients FY 1983	Cumulative[1] Number of Recipients FY 1984
			Private Two-Year and Vocational Institutions					
$ 000	$ 6,457	$267	$366	$ −99	$415	$ −148	674	1,232
500	20,354	267	767	−500	675	−408	989	1,691
1,000	24,132	267	471	−204	513	−246	1,295	2,180
1,500	27,663	267	308	−41	292	−25	1,568	2,557
1,600	28,909	267	313	−46	331	−64	1,610	2,614
2,000	30,722	267	45	222	45	222	1,757	2,824
2,100	30,800	267	40	227	40	227	1,787	2,873
2,200	30,883	267	−7	274	−7	274	1,828	2,907
2,500	31,609	267	−154	421	−154	421	1,883	3,013
3,000	34,065	267	−335	602	−329	596	1,955	3,147
3,100 and Above	—	267	−354	621	−354	621	2,040	—
All Dependent Recipients	22,122	267	420	−153	509	−242	2,040	3,147
All Independent Recipients	4,455	267	376	−109	499	−232	661	1,497
All Recipients	18,921	267	398	−131	541	−274	2,701	4,644
Full Time Undergraduate Residents, Fall 1983								9,793
Recipients as a Percentage of Full Time Undergraduate Residents								47.42%

[1] Each entry includes all recipients at the corresponding and lower parental contribution intervals.

[2] Calendar year 1982 average annual family income reported by fiscal year 1983-84 recipients.

Source: Higher Education Coordinating Board.

was −$62. The average federal grant in the $0 PCI increased by $90 for a reduction in tuition net of the change in combined grants equaling $152. The largest increases in average state grants occurred in the $100 through $400 PCI's. Average federal grants also increased significantly in the $500 to $700 PCI's.

Increases in average state and combined grants in PCI's up to $1,100 were larger than the $201 tuition increase. There were 6,503 AVTI recipients in the PCI's up to this level. These recipients constituted 89.16 percent of all AVTI dependent recipients. The calendar year 1982 average family income of all recipients in the $1,100 PCI in Fiscal Year 1984 was $25,145.

The AVTI tuition increase in Fiscal Year 1984 was offset partially in PCI's from $1,200 to $1,700 by increases in average state and combined grants. The calendar year 1982 average family income of all Fiscal Year 1984 recipients in the $1,700 PCI was $28,891.

The changes in AVTI tuition net of the changes in dependent state and combined grants were −$49 and −$117 respectively. The corresponding changes for independent state and combined grants were −$52 and −$156 respectively. The overall changes in tuition net of the change in average state and combined grants were −$54 and −$156 respectively. The overall increase in average federal grants was $102. The total number of AVTI recipients in Fiscal Year 1984, 11,304, was 35.80 percent of the full-time undergraduate residents enrolled in AVTIs during fall quarter 1983.

Private Four-Year Colleges and Universities: Table 22 displays changes in average tuition net of the changes in average state and combined grants for private four-year colleges and universities. In the $0 PCI the $420 average tuition increase was offset by a $627 increase in average state grant for a net reduction of $207. The combined grant rose by an additional $51 for a total reduction of $258. The largest increases in average state grant occurred in the $400 to $600 PCI's. While the average state grant rose by $1,089 in the $500

PCI, the average federal grant declined by $101 yielding a change in average tuition net of the change in combined grant equaling $568. Similar decreases in average federal grants occurred in the $400 to $1,600 PCI's.

The change in average state and combined grants offset the average tuition increases in PCI's up to $1,600. The calendar year 1982 average annual family income of all Fiscal Year 1984 recipients in the $1,600 PCI was $28,909. In Fiscal Year 1984, PCI's $0 through $1,600 included 6,015 recipients in private four-year institutions; they represented 71.71 percent of all dependent recipients in private four-year institutions.

In PCI's from $1,700 through $2,100, the increases in average state and combined grants partially offset the tuition increase. In PCI's above $2,100, which had a calendar year 1982 average family income of $30,800, average state and combined grants decreased. The largest increase in tuition net of the changes in state and combined grants was $1,195 in the $3,100 PCI.

The 9,627 Fiscal Year 1984 private four-year institution recipients constituted 48.15 percent of the full-time undergraduate resident students enrolled in those institutions in fall quarter 1983. Private four-year average dependent state and combined grants exceeded the increase in average tuition by $200 and $302 respectively. Private four-year average independent grants also exceeded the increase in average tuition, by $92 and $88 respectively. The changes in average tuition net of the changes in average state and combined grants for all recipients were −$184 and −$300 respectively. The overall increase in average federal grants was $116.

Private Two-Year and Vocational Institutions: Table 23 displays changes in average tuition net of changes in state and combined grants for private two-year and vocational institutions. The $267 increase in average tuition was offset by increases of $366 in average state grants and $415 in average combined grants in the $0 PCI. Thus, the federal grant increased by $49. The largest decreases in average federal grants as well as the largest increases in state grants occurred in PCI's between $100 and $800.

The increases in average state and combined grants were sufficient to offset the increase in average private two-year tuition up to the $1,600 PCI. There were 2,614 Fiscal Year 1984 recipients in PCI's $0 through $1,600; they made up 83.06 percent of the dependent recipients at these institutions. The calendar year 1982 average family income of all Fiscal Year 1984 recipients in the $1,600 PCI was $28,909.

In the $1,700 through $2,100 PCI's, the increases in average state and combined grants partially offset the $267 increase in average tuition. The calendar year 1982 average family income of all Fiscal Year 1984 recipients in the $2,100 PCI was $30,800. Reductions in average state and combined grants occurred above the $2,100 PCI. The largest change in average tuition net of the change in average state and combined grant occurred in the PCI's above $3,000.

The changes in average tuition net of the changes in average dependent state and combined grants were −$153 and −$242 respectively in the private two-year institutions. Comparable changes for average independent state and combined grants were −$109 and −$232. The overall changes in average tuition net of the change in average state and combined grants were −$131 and −$274. The overall increase in average federal grants was $143. The 4,644 Fiscal Year 1984 recipients constituted 47.42 percent of the full-time undergraduate residents enrolled in private two-year institutions during Fall 1983.

Conclusion: This analysis has revealed several significant findings regarding the joint impacts of the cost related tuition policy and the Design for Shared Responsibility.

Increases in average grants either fully or partially offset increases in average full-time resident undergraduate tuition rates in PCI's up to those having calendar year 1982 average family incomes of the following amounts:

	Highest PCI with Full Offset		Highest PCI with Partial Offset	
System or Institution Category	PCI	Average Family Income	PCI	Average Family Income
Area Vocational Technical Institutes	$1,100	$25,145	$1,700	$28,891
Community College System	1,300	26,160	1,700	28,891
State University System	1,300	26,160	1,800	29,316
University of Minnesota	1,400	26,622	1,800	29,316
Private Two-Year Institutions	1,600	28,909	2,100	30,800
Private Four-Year Institutions	1,600	28,909	2,100	30,800

The highest full offset PCI varied from a low of $1,100 in the AVTIs to a high of $1,600 in the private two and four-year institutions. The calendar year 1982 average family income of all Fiscal Year 1983-84 recipients in these PCI's ranged from a low of $25,145 in the $1,100 PCIs' to a high of $28,909 in the $1,600 PCI. The highest partial offset PCI's ranged from a low of $1,700 in the AVTIs and community colleges to a high of $2,100 in the private two and four-year institutions. The calendar year 1982 average family income of all Fiscal Year 1983-84 recipients in the highest partial offset PCI's ranged from a low of $28,891 in the $1,700 PCI to a high of $30,800 in the $2,100 PCI. The ordinal ranking of the highest full and partial offset PCI's roughly corresponds to the ordinal ranking of the cost of attendance for the six systems or categories of institutions. The AVTIs have the lowest PCI and the lowest cost of attendance. The private institutions have the highest PCI's and the highest costs of attendance. This correspondence is not surprising given that the cost of attendance is a primary determinant of the level of state and federal grant.

Increases in average federal grants occurred in many PCI's, primarily those below $1,100. The largest increases occurred most often in the $0 PCI's. The increases in average state grants in the $0 PCI's were smaller than those in other PCI's in part because of the large increases in federal grants. The most significant increases in average state grants tended to occur in PCI's from $100 to $900. The largest of these increases typically occurred in PCI's where the average federal grant declined. The declines in average federal grants were due primarily to an increase in the number of state grant recipients who received no federal grant. These interactions between changes in average state grants and changes in average federal grants illustrate the role of federal grants in the determination of state grants. The federal grant is a direct offset to the state grant.

The increases in average federal grants were due in part to the significant increases in tuition. The tuition increases raised the cost of attendance which increased the amount of federal grants for which students were eligible. Thus the cost related tuition policy had the effect of bringing more federal financial aid to students in Minnesota.

The changes in tuition net of changes in average combined grants for dependent, independent and total awards were as follows:

	Change in Tuition Net of Change in Average Combined Grants			Total Recipients as a Percent of Full-Time Resident, Undergraduate Students Fall Quarter 1983
System or Institution Category	Dependent Grants	Independent Grants	Total Grants	
Area Vocational-Technical Institutes	$ - 117	$ - 156	- 156	35.80%
Community College System	- 165	- 169	- 205	35.28
State University System	- 116	- 102	- 125	38.89
University of Minnesota	- 179	- 128	- 172	31.80
Private Two-Year Institutions	- 242	- 232	- 274	47.42
Private Four-Year Institutions	- 302	- 88	- 300	48.15

The change in tuition net of the change in dependent average combined grants varied from a low of - $116 in the State University System to a high of - $302 in the private four-year institutions. The corresponding range for independent average combined grants was from a low of - $88 in the private four-year institutions to a high of - $232 in the private two-year institutions. The change in tuition net of the change in average total grants ranged from a low of - $125 in the State University System to a high of - $300 in the private four-year institutions. There was wide variation between systems and categories of institutions in total recipients as a percent of full-time resident undergraduate students. The University of Minnesota had the lowest figure at 31.80 percent. The highest figure 48.15 percent occurred in the private four-year institutions.

The joint objectives of the cost related tuition policy and the Design for Shared Responsibility in financial aid were accomplished. In PCI's above those with average family incomes ranging $28,891 to $30,800, average state and combined grants declined significantly. The net effect was increases in tuition net of the change in financial aid which were larger than the tuition increase. The tuition increases were more than offset by increases in state and combined grants in the lowest PCI's and fully offset in PCI's with average family incomes ranging from $25,145 to $28,909. The tuition increases were partially offset in PCI's up to those with average family incomes ranging from $28,891 to $30,800. The tuition and financial aid policies also had the effect of increasing average federal grants.

6. Governance Policy

Introduction: Several initiatives to strengthen the authority of governing boards to manage their institutions were included in the 1983 higher education package. These governance provisions resulted from several studies and proposals that were made in response to changing conditions facing post-secondary education.

Background: The governance initiatives followed several Coordinating Board studies, legislative deliberations, and gubernatorial recommendations.

Expressing its concern over projected enrollment declines, the 1979 Minnesota Legislature directed the Coordinating Board to study the Community College System. Similarly, the 1980 Minnesota Legislature directed the Board to study the state's system of AVTIs. Following completion of the studies, the Board in January 1981 recommended creation of a new system for sub-baccalaureate education.[25] The proposed system would have included the following institutions: AVTIs, which were under the control of local school boards with supervision by the State Board for Vocational Education; the state's community colleges, which were under the control of the State Board for Community Colleges; and the University of Minnesota technical colleges at Crookston and Waseca, which were under the control of the Board of Regents. The Coordinating Board also called for greater scrutiny over sub-baccalaureate programs at four-year colleges.

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[25] Minnesota Higher Education Coordinating Board, *Recommendations on the Future of the Community College System and Area Vocational-Technical Institutes* (January 1981). See also Minnesota Higher Education Coordinating Board, *Final Report on Minnesota Area Vocational-Technical Institutes* (January 1981); *Final Report on the Minnesota Community College System* (July 1980); and *Interim Report on Minnesota System of Area Vocational-Technical Institutes* (November 1980).

The Board envisioned significant benefits from bringing these institutions under a single, strong governing board. The new governance arrangement would allow tighter management and greater flexibility in the use of resources. Where institutions were close to each other geographically, reduction in duplicated programs and support services would be easier to achieve. More educational options to students would be available through flexible combinations of vocational and general education. Finally, the number and distribution of institutions around the state would make feasible a regional structure and orientation for post-secondary education.

Legislation incorporating the Board's proposals was considered in the 1981 and 1982 sessions but was not adopted. Nevertheless, the proposal stimulated extensive discussion and some action by the post-secondary systems—particularly in view of the fiscal crisis affecting Minnesota. The Community College System, for example, reorganized the administration of five community colleges in northeastern Minnesota and three in northwestern Minnesota in order to ensure continued access to the campuses, improve services and reduce costs.

The Coordinating Board's Task Force on the Future Funding of Minnesota Post-Secondary Education in Minnesota in 1982 found in its review of the appropriations process that the distinction between the management roles of the lay governing boards and the broad funding and policy roles of the legislature had become blurred. The task force noted wide variation among the public post-secondary systems in the roles of the legislature and governing boards. The State Board for Community Colleges, for example, was at one extreme with wide discretion in the governance of its institutions whereas the State Board for Vocational Education, bound by a statutory funding formula, had the least discretion in governing its system.[26]

The task force recommended that the governing boards of the systems must have the maximum amount of responsibility and discretion with respect to policy and allocation of resources for their institutions. Legislative involvement in policy and allocation decisions regarding individual institutions, according to the task force, should be discouraged. The task force pointed out that the governing boards are in the best position to determine number and type of educational services, to manage systems effectively, and to ensure the preservation and enhancement of quality.

The Coordinating Board in January 1983 endorsed the task force recommendations; it also recommended clarification of the roles and responsibilities of governing boards vis a vis the executive and legislature. The way to accomplish this was to amend the relevant statutes to provide the governing boards with specific authority to:

reallocate all their state funds;

close their institutions.[27]

Governor Rudy Perpich included the governance proposals in his budget recommendations to the 1983 Legislature.

1983 Legislation: The legislature took several actions to increase the authority and responsibility of governing boards to manage system resources. The greatest change was the creation of a new state Board for Vocational Technical Education to govern AVTIs. The new board received broad authority to allocate funds, establish and terminate programs, and to merge and close institutions. Responsibility for administering the operation of the AVTIs remained with local school districts.[28] The new board assumed full responsibility for governance on January 1, 1984.

The governor had advocated a new and stronger governing board that could make difficult decisions and respond to the state's economic development needs. Legislative authors indicated several reasons for creating a new board. Fragmentation under the existing board, they felt, could lead to indecision in the face of declining enrollments and financial resources. The authors also wanted to make the status of AVTI leadership comparable to other post-secondary systems.

Although the changes in governance did not bring together the community colleges and AVTIs, the 1983 legislation did mandate closer cooperation between the two systems. This reflected a major concern that prompted the Coordinating Board's earlier recommendations on governance. The mandate applied to 13 designated pairs of AVTIs and community colleges located in the same or nearby communities. Each pair of institutions was to identify ways of sharing resources and containing costs while expanding programs and services for students.

Authority of other governing boards increased as well. Language was adopted giving the State University Board and the State Board for Community Colleges authority to close institutions under their jurisdiction. Prior to such a closing, however, the boards are required to hold a public hearing on the issue in the area which would be affected by the closing. The two boards also received authority to carry over any unexpended balance from their appropriation for the first year of a biennium into the second year of the biennium and to carry over an unexpended balance up to a maximum of two percent of their biennial appropriations to the following biennium. These funds are not to be taken into account in determining state appropriations. The legislation provided assurances as well that non-state funds attracted by public post-secondary institutions would not be used to supplant state appropriations.[29] Within the University of Minnesota, virtually total authority over resources and operations has long rested with the Board of Regents because of the University's constitutional autonomy.

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[26] Minnesota Higher Education Coordinating Board, *Final Report of the Task Force on the Future Funding of Post-Secondary Education* (December 1982).

[27] Minnesota Higher Education Coordinating Board, *Recommendations on Future Funding Policies for Minnesota Post-Secondary Education* (January 27, 1983).

[28] *Laws of Minnesota for 1983*, Chapter 258, Sections 57-64; *Minn. Stat.*, Section 136C (1983 Supplement).

Under the new policies, governing boards are given funding for salary increases and have the authority to set salary levels within the limitations of the funds provided and the Public Employee Labor Relations Act.

The 1984 omnibus school aids act further clarified and added to the duties of the new State Board of Vocational Technical Education.[30] The act does the following:

makes the state director of vocational technical education a member of the Higher Education Advisory Council.

places all adult vocational education under the governance of the board of vocational technical education as of July 1, 1984.

includes all adult vocational education in the definition of post-secondary vocational education.

authorizes the board of vocational technical education to carry over unexpended funds into the following year, and unexpended funds up to two percent of the biennial appropriation into the next biennium.

allows the state board to withhold allocations for post-secondary vocational education where a district is in violation of statute, rule, or board policy.

designates the state board of vocational technical education as the sole state agency for receipt of federal funds and makes the state board responsible for development of a state plan for vocational education.

transfers the powers and duties of the Board of Education for non-AVTI adult education to the board of vocational technical education on July 1, 1984.

permits the state director to prepare a merged post-secondary and adult vocational budget for 1985-86; requires the maintenance of separate records of enrollments and expenditures, and requires the board to prepare a comparison of AVTI adult funding under the current formula and average cost funding.

allows the board to provide students monetary allowances to complete programs at another AVTI if the board has eliminated the program in which the students are enrolled, and limits this authority to 1984-85 and to cases where it would be more expensive to provide the completion at the original AVTI.

The changes in governance complement the new funding policy. Under average cost funding, the state calculates a level of support, based largely on average instructional costs. It then appropriates these funds in a lump sum to each system. Each governing board, in turn, allocates and manages its available resources at its discretion within the system. By expanding governing authority, the governor and legislature sent two signals. First, the governing boards have the authority to manage their respective systems. Second, the governing boards are expected to exercise that authority.

7. State Policy to Private Post-Secondary Education

Introduction: One of the state's goals for post-secondary education is that Minnesota should support a diverse educational system in which systems and institutions possess different and educationally distinctive missions and settings.[31]

For over a century, post-secondary education in Minnesota has been supported by both state-supported public institutions and private institutions. Each sector has distinctive characteristics and strengths that benefit Minnesota citizens.

The private sector of independently governed institutions is composed of 23 four-year, primarily undergraduate colleges, 4 junior colleges, 8 professional schools, and about 80 vocational schools. During the past 15 years, Minnesota has made a significant commitment to the private sector of post-secondary education. This support was expressed in a variety of ways, most visibly through the Private College Contract Program from Fiscal Year 1972 to Fiscal Year 1983 and through the State Scholarship and Grant Program since the early 1970s.

The Issue: The issue is to determine the extent to which public resources should be used to ensure the existence of a strong dual system of post-secondary education in which educational programs in the public sector are complemented and enhanced by educational opportunities offered by private institutions.

Background: The Coordinating Board in 1982 re-examined the state's relationship to private post-secondary education.[32] A staff paper outlined a range of alternative models for the interrelationship between a state and the private sector of post-secondary education. Based on the study, the Board adopted the following four recommendations:

1. That the dual system of public and private higher education is essential to the vitality of educational services in the state of Minnesota, and that decisions made at the state level should reflect the interests of maintaining and promoting a strong private sector
2. That private post-secondary institutions, as members of the educational community, participate fully in the policies and procedures that are developed by the state and its agencies to plan for and coordinate Minnesota post-secondary education.
3. That the state's student financial aid system fully recognize the differences in tuition and other charges that exist among the various post-secondary institutions in the state so that the financial aid system promotes an equal opportunity for all Minnesota students to pursue the public or private education that best meets their needs.
4. That the Private College Contract Program be modified to provide a payment to the institution to be used for a tuition reduction for each Minnesota resident enrolled in eligible private institutions equal to 5 percent of the state average appropriation per student to all comparable four-year or two-year public institutions.

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[29] *Minn. Stat.*, Sections 136.03, 136.031, 136.144, 136.62, 136.67 (1983 Supplement).

[30] *Laws of Minnesota for 1984*, Chapter 463, Article 5.

[31] Minnesota Higher Education Coordinating Board, *Goals to Guide the Investment of Public Resources in Post-Secondary Education* (September 1982).

[32] Minnesota Higher Education Coordinating Board, *Public Policy Toward Private Post-Secondary Education in Minnesota, A Policy Paper* (April 1982).

The Board's rationale was that the contract program as modified would maintain the single, independent subsidy directly to private institutions, thus expressing the state's commitment to a dual system of post-secondary education.

The 1971 Legislature had established the program as one of three measures concerning private colleges; also in 1971 the State Scholarship and Grant Program was expanded, and the Higher Education Facilities Authority was established.

The Contract Program initially was designed to provide a subsidy to private institutions to educate an increasing portion of Minnesota residents enrolled over the number of Minnesota residents enrolled in 1970. A payment also was provided for each state grant recipient enrolled. Because of declining enrollments in some public institutions, a revised basis of payments was adopted by the 1975 Legislature; it provided incentives to private colleges to continue their current level of service to Minnesota residents, including students from low income families.

In Fiscal Year 1972, $523,800 was paid to the private institutions. By Fiscal Year 1981 appropriations totaled $5,105,100. This amount, however, was reduced by $435,000 under the governor's budget reduction program that year in response to state fiscal problems; funding was reduced further in the 1982-83 biennium.

In his 1983-85 biennial budget message, Governor Rudy Perpich proposed no state funding for continuation of the contract program; rather, he supported increased financial aid for students in both the private and public sectors. He expressed a desire to target available state dollars directly to the most needy students in both the public and private educational sectors.

The governor proposed full funding of the Shared Responsibility model for the State Scholarship and Grant Program with 50 percent of the cost of attendance covered by parents and governmental aid for students in public post-secondary institutions. He recommended funding for the first two years of a four-year phase-in of full funding of the design for students in private post-secondary institutions—recognizing that the phase-in would result in an expectation above 50 percent and constraints in award size for Fiscal Year 1984 and 1985. He proposed, however, that these factors be adjusted in 1985-87 to reach the target level in 1987.

1983 Legislative Action: The 1983 Legislature supported the governor's recommendation to direct additional appropriations to the Scholarship and Grant Program and to not fund the Contract Program. The legislature repealed the specific statutory provisions governing the contract program, but adopted a statement expressing the important role performed by Minnesota's private colleges:

> *The legislature has found and hereby declares that private colleges in Minnesota have the capacity for educating significant numbers of Minnesota residents and that providing for the education of Minnesota residents in private colleges rather than in state institutions of higher education results in a savings of tax moneys. The Minnesota private colleges are encouraged to facilitate the education of significant numbers of Minnesota residents in private colleges located in Minnesota.*[33]

In approving the new Shared Responsibility Design for the Scholarship and Grant Program, the 1983 Legislature adopted a two-year phase-in for the private colleges rather than a four-year phase-in.[34]

Recommendations: The Coordinating Board recommends that the legislative commitment for a two-year phase-in of Shared Responsibility for students attending private institutions, as expressed in statute, be honored by the 1985 Legislature. As part of its 1985-87 budget request for the State Scholarship and Grant Program, the Board has requested sufficient funding to raise the cap on the tuition allowance for students attending private institutions to the instructional-cost based level recommended by the Board in 1983.

Rationale: Fully phasing the Shared Responsibility design July 1, 1985 would enable the state to honor its commitment to the private post-secondary sector, thus recognizing the value of a dual system of quality public and private institutions. Implementation of the statutory mandate for the phase-in and funding to accomplish it would ensure that the goals of Shared Responsibility will be met—to ensure equal educational opportunity for all Minnesota students to pursue the full range of educational opportunities in Minnesota. Support for this recommendation also recognizes that aid to students is the principal source of public support for private education whereas direct institutional support is the basic form for public education.

8. Interstate Reciprocity

The 1983 higher education package included significant revisions in Minnesota's interstate tuition reciprocity agreements with Wisconsin and the Dakotas.

Background: The tuition reciprocity agreements prior to Fiscal Year 1984 allowed Minnesota residents to attend public institutions in participating states to pay the same tuition rates as residents of those states. Minnesota has statewide agreements with Wisconsin, North Dakota, and South Dakota. Each agreement includes a formula to calculate both states' financial liability for its residents enrolled in the other state. A limited reciprocity agreement covers two Iowa and three Minnesota public post-secondary institutions. (See Chapter IV.C.2.)

1983 Action: The cost-related tuition policy, included in the 1983 higher education package, caused tuition rates in Minnesota public institutions to rise significantly above those in reciprocity states. The previous reciprocity agreements would have provided Minnesota residents a financial incentive to attend lower tuition institutions in bordering states. While consideration was given to eliminating the reciprocity programs, a renegotiation of them in 1983 allowed them to continue.

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[33] *Minn. Stat.*, Section 136A.18 (1983 Supplement).

[34] *Minn. Stat.*, Section 136A.121 Subd 6, (b) (1983 Supplement).

The Wisconsin agreement allows Minnesota residents to attend institutions in Wisconsin and pay tuition rates identical to those in comparable Minnesota institutions. Similarly, Wisconsin residents pay Wisconsin tuition rates at comparable Minnesota institutions. The reciprocity agreements with South Dakota and North Dakota also have been renegotiated to eliminate the financial incentive for students to participate.

The reciprocity agreements help achieve several state goals for post-secondary education. The agreements encourage quality program offerings by extending competition. Minnesota public institutions must compete for students with public institutions in reciprocity states. Further, Minnesota institutions need not duplicate programs offered in reciprocity states. This allows Minnesota institutions to concentrate their resources in fewer programs.

The agreements make efficient use of the state's limited resources. The state's cost for a Minnesota resident in a reciprocity state is less than its cost for a student in a Minnesota public institution.

In addition, the agreements expand access to post-secondary education for Minnesota residents. Geographic access is expanded to Minnesota border communities. Program access is expanded since Minnesota residents have the option of enrolling in public post-secondary education institutions in reciprocity states.

9. Evaluation

While the new policies are intended to allow systems and institutions to meet the challenges posed by enrollment declines and constrained resources, their success is not certain. Because the policies represent a significant new direction and the future health of Minnesota post-secondary education may depend on the success or failure of this approach, it is critical to carefully evaluate the design as it is implemented. It is important to identify both the strengths and weaknesses and determine whether any changes are necessary. In its *1984-87 Management Plan,* the Coordinating Board has proposed to monitor the finance and governance initiatives to assess whether the reform package is accomplishing its objectives. Monitoring the initiatives will involve assessing the impact on system governance. It will involve assessing the impact on students' decisions whether and where to attend a post-secondary institution. And it will involve assessing the net impact on costs to students on resources for post-secondary institutions.

C. QUALITY ISSUES

1. Introduction

To help assure quality education in Minnesota, the Coordinating Board, in consultation with the post-secondary education systems and institutions, has been reviewing state policies that affect educational standards. This section summarizes Coordinating Board projects on admissions standards, remedial and skills development instruction, satisfactory progress in meeting achievement and completion standards, standards and procedures for awarding academic credit, and teacher education. The projects on standards of progress, admissions requirements, and teacher education were mandated by the Minnesota Legislature whereas the studies on remedial education and academic credit standards were initiated by the Coordinating Board.

These projects represent the beginning of the Board's efforts to assess quality. As part of its *1984-87 Management Plan,* the Board proposes to develop a plan for assessing and reinforcing quality, with emphasis on outcomes of the educational process. The purpose would be to help the state achieve its goal of "promoting the greatest possible effectiveness in all its post-secondary education programs."

2. Review and Comment on Admissions Standards

Introduction: A recurring theme in proposals to enhance educational quality is the need to raise requirements for admission to post-secondary study. Admissions standards have important implications for both secondary and post-secondary education.

The concerns about the status of secondary school curriculum and performance are related closely to the issue of admissions standards. Admissions criteria can influence the level of curriculum provided by high schools and the level of student achievement.

Admissions requirements can affect high school achievement by functioning as both a beacon and a gatekeeper. They are a beacon in that many high school students choose their courses with an eye to their plans for future education. With more stringent post-secondary entrance requirements, students are likely to take more difficult high school courses. Admissions requirements act as gatekeepers in that they are used to determine who is allowed to enroll and who is not. In this way, post-secondary admissions requirements can encourage local school districts to provide certain courses which their students will need in order to be accepted for post-secondary education.

Admissions standards also can influence the quality of post-secondary education and the distribution of enrollments. Admissions criteria that allow the entry of poorly prepared students may result in costs to the post-secondary institution for providing courses which are or could be available in secondary schools. The use of state expenditures for these courses reduces the resources which could be directed toward more advanced instruction and research. Moreover, significant numbers of underprepared students tend to lower the level of the material and the level of achievement expected for all students. Once started, this process could reduce the attractiveness of Minnesota public post-secondary institutions to high ability students, leading to further deterioration in standards.

Admissions standards also affect the distribution of students to the different post-secondary institutions. Institutions and systems with more restrictive standards may have fewer but better prepared students while those with fewer restrictions will have a larger number of potential applicants but may have to teach a more diverse set of students.

The Issue: The issue is to promote educational quality by focusing on the preparedness of students entering Minnesota post-secondary education.

Background: The 1983 Minnesota Legislature, as one of several actions taken to promote educational quality, mandated that the governing boards of the public post-secondary education systems in Minnesota develop proposals for admissions requirements for incoming freshmen. The proposed requirements were to address the secondary curriculum required for admissions, and, in addition, could address other requirements such as grade point average and standardized test scores. The legislation also directed the Higher Education Coordinating Board to review and comment on the proposals and to report to the education committees of the 1984 Legislature.[35]

In its report, the Coordinating Board summarized the context for the discussion of educational quality, reviewed and commented on the systems' responses to the mandate, and analyzed several alternative approaches to admissions standards.[36]

Review: The Coordinating Board reviewed the responses to the legislation submitted by the University of Minnesota Board of Regents, the State University Board, the State Board for Community Colleges, and the Board of Vocational Technical Education. Current policies were contrasted with proposed policies.

Currently, there are no systemwide requirements for admission which relate to either high school curriculum or measures of aptitude or achievement. The University of Minnesota has a recommended high school curriculum, and the State University System proposes adopting one. In both these systems, however, the individual collegiate units or campuses have the responsibility to set their own admissions requirements. The Community College System and the Vocational Technical Education System have adopted requirements that ensure that they remain open admissions institutions.

While expressing a need for increased academic preparation to enhance quality, the four public systems offered no specific proposals for admissions requirements for incoming freshmen. The four systems expressed a desire to work together with the high schools on ways to improve the preparation of students. They suggested the possibility of developing recommended, not required, curriculum guidelines for entering post-secondary students. The systems emphasized that any changes in admissions requirements would have to occur in the context of their missions.

Comment: Proposing new, more rigorous admission requirements would have been difficult because the systems are committed to fulfilling their current, broad missions which emphasize access over selectivity. By not requiring stronger admissions standards, the systems provide little leadership in building incentives for improving the pre-college preparation of students. Simply recommending course selections does not provide as strong an incentive to either students or high schools as would admissions requirements. While a recommended curriculum might encourage students to enroll in a college preparatory course, a required curriculum would communicate a much more unequivocal expectation. Not requiring a certain minimal level of preparation makes it necessary for all public collegiate systems to provide high school level courses in the college curriculum.

The commentary praises the University of Minnesota reference to "benchmark" testing to encourage and verify academic competency. Competency testing is another approach to ensuring that high school graduates are prepared adequately for admission to post-secondary education. Such testing could substitute for a required high school course curriculum because it assesses directly what the student has learned.

Alternatives: The state can hope that the collaborative efforts proposed by the systems to inform high school students about preferred course selection result in improved preparation by high school students. Also, efforts begun by the commissioner of education and the State Board of Education may produce a general improvement in the background of post-secondary students. But given the strong demand for high quality in education, policymakers may wish to consider a broader range of options to raise entrance standards. Five alternatives are listed with the advantages and disadvantages of each.

No Change—The post-secondary systems would continue to operate as they do now with few system-wide admissions standards, none requiring a specific high school curriculum or performance measures.

Guidance Through Recommendations—This is what the systems are in effect proposing. A recommended curriculum for all high school students would be developed and publicized.

More Stringent High School Graduation Requirements—Policy changes would be limited to the secondary level with stiffer requirements for high school graduation. Admissions policies for post-secondary education would remain the same.

More Stringent Post-Secondary Entrance Requirements—More rigorous institutional admissions requirements for high school curriculum and/or performance measures would be adopted. Post-secondary systems could adopt a minimum curriculum and/or also could raise cutoffs on performance measures such as high school rank or standardized test scores.

Segmented Approach with Stronger Coordination Between Secondary and Post-Secondary Education—A coordinated state-level admissions plan with graduated standards would be adopted. Standards for admission would differ by system with some systems maintaining an open admissions policy and others retaining or adopting a selective admission strategy. A combination of stiffer high school graduation requirements and more rigorous admissions standards would be adopted. This would require closer links between the secondary and post-secondary educational sectors.

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[35] *Laws of Minnesota for 1983*, Chapter 314, Article 7, Section 50.

[36] Minnesota Higher Education Coordinating Board, *Review and Comment on Proposals for Admission Requirements for Incoming Freshmen* (February 1984).

Status: At the Coordinating Board's February 1984 meeting, Board members and representatives of the post-secondary systems expressed a desire to cooperate in examining further and working toward a comprehensive, long-range solution.

In adopting recommendations on remedial education in May 1984, the Board observed that admissions policies affect the relative need for remedial programs at different institutions; overall system and institutional missions, in turn, set the basis for admissions policy. Thus, the Board recommended that during 1984 it initiate and conduct a dialogue with the post-secondary systems and leaders of state government on the impact of educational missions on admissions standards and the need to provide remedial education. In August 1984, the Board adopted a plan for continuing the dialogue on system missions. (See Chapter II.D.3.)

3. Remedial and Skills Development Instruction

Introduction: On a limited basis, post-secondary institutions always have served students who need special assistance to achieve their educational objectives. Over the past several decades, however, many institutions have expanded remedial education programs to help underprepared students.

Development of remedial education has been related closely to the state's decision to make post-secondary education widely accessible. In fulfilling their missions to provide broad access, public institutions are admitting students with a wide range of backgrounds. While in the past post-secondary education reached a minority of adults, 75 percent of the high school graduates in Minnesota now enter an in-state or out-of-state post-secondary institution within five years of graduation.

Some of the major groups of students participating in remedial and skills development programs are:

Students who need refresher work because they have been out of high school several years;

Students who did not take necessary prerequisite courses while they were in high school;

Students who received inadequate instruction in elementary and secondary school;

Students who were unmotivated or unable to learn in the elementary and secondary grades;

Students who have solid educational backgrounds but isolated needs for help with specific skills;

Students who are handicapped or learning disabled;

Students who are immigrants or foreign nationals or from non-English speaking homes.

Issue: The remedial education needed by these students has raised questions about the appropriate role of post-secondary education in serving this broad population base.

In addition, remedial education has become a significant educational quality issue. The need to provide remedial programs in post-secondary institutions reflects, in part, the performance of American education in the elementary and secondary grades. Furthermore, if special programs and policies are not in place to help underprepared students, standards throughout the curriculum could be lowered.

Remedial education competes for resources with other public purposes. Within post-secondary education, public priorities call for an increased investment in technical and professional programs. The state's financial responsibility for the costs of remedial education is being questioned as state and post-secondary system allocation decisions are made.

Given the mission of public post-secondary institutions to provide broad access to educational opportunities and the role of remedial instruction in fulfilling this goal, is it feasible to reduce the need for post-secondary remedial instruction?

Background: As part of its work plan emphasizing issues of educational quality, the Higher Education Coordinating Board in 1983 initiated a study of remedial and skills development instruction in Minnesota post-secondary education. The study was presented to the Board in March 1984, and the Board adopted recommendations in May 1984.[37]

The study addressed the appropriate role of post-secondary institutions in providing remedial and skills development instruction in the context of the state's goals for maintaining access and quality.

Objectives of the study were to identify current levels of post-secondary educational activity devoted to instructing students who are not prepared to succeed in post-secondary education, to strengthen awareness of the role of high schools in preparing students for post-secondary education, and to examine how remedial education should be delivered in the future.

The definition of college work differs greatly from institution to institution and from individual to individual. Within a single institution, a consensus of standards for reading, writing, and mathematics may be developed, but across systems and institutions, there is no clear, agreed upon statement. In order to conduct the survey for this study, definitions of instructional content were constructed.

Remedial reading, remedial writing, and basic mathematics were defined in terms of skill levels of students who have met state level, high school graduation requirements. High school mathematics (above first-year algebra), English as a second language, and study skills are referred to as "skills development instruction" to distinguish these classes from remedial instruction. The definitions of instruction levels in the report do not reflect a consensus within the post-secondary community. Thus, the findings can be viewed as too high or too low—depending on one's position regarding reasonable standards for post-secondary work.

The study was conducted by Coordinating Board staff. Assistance was

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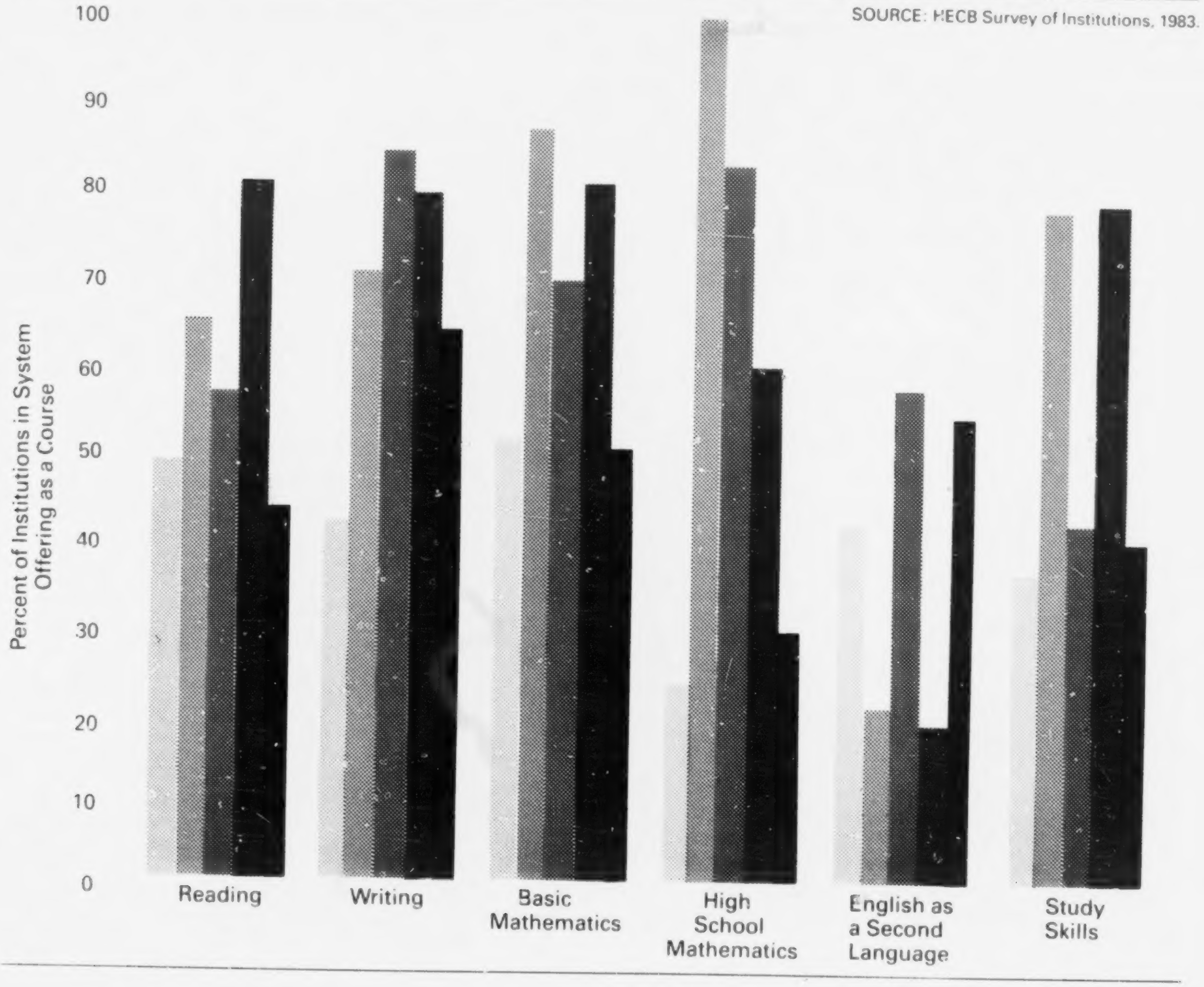
[37] Minnesota Higher Education Coordinating Board, *Remedial and Skills Development Instruction in Minnesota Post-Secondary Education with Coordinating Board Recommendations* (May 1984).

FIGURE II.2

PERCENT OF INSTITUTIONS IN EACH SYSTEM OFFERING REMEDIAL AND SKILLS DEVELOPMENT COURSES, 1982-83



SOURCE: HECB Survey of Institutions, 1983.

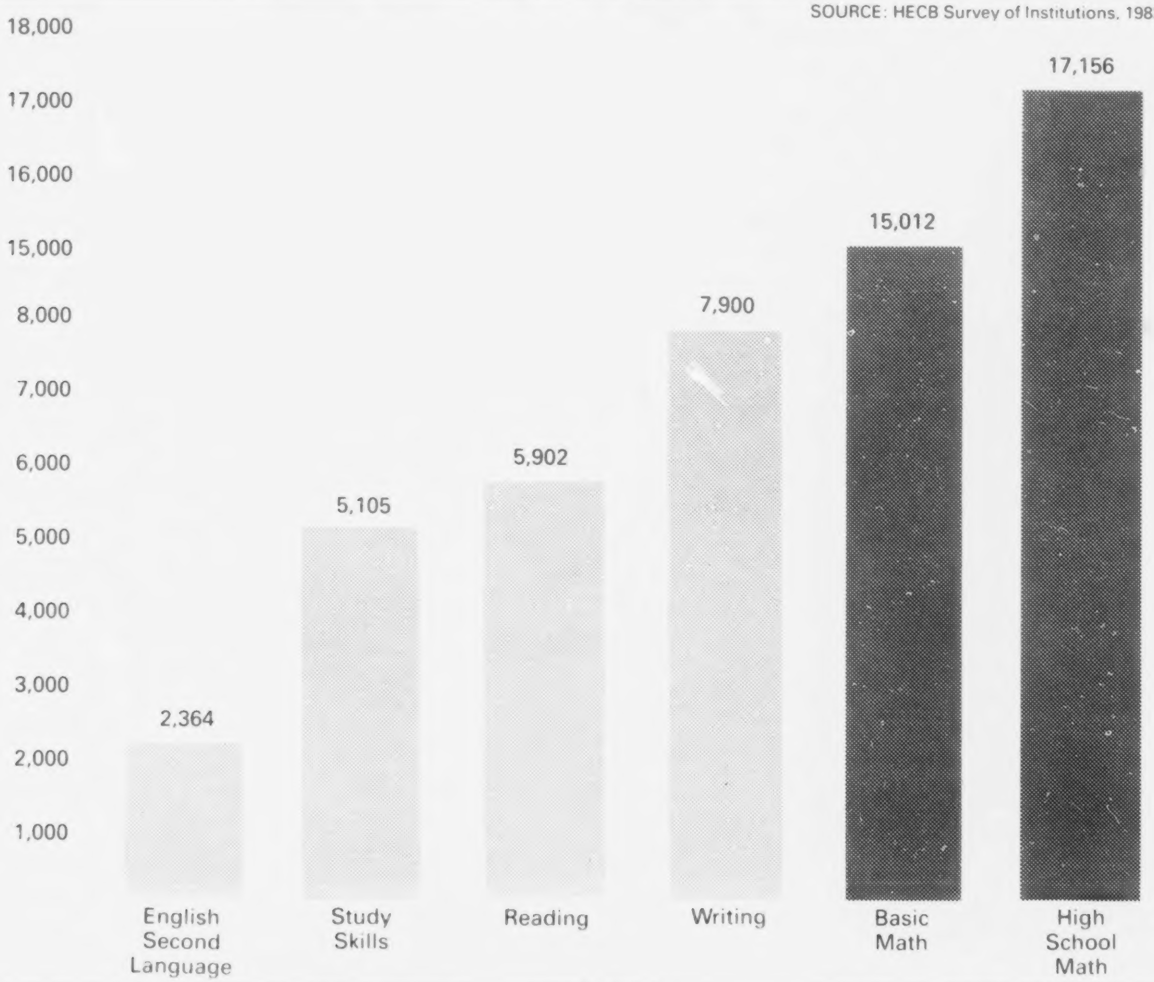
provided by an advisory committee of program administrators, post-secondary system representatives, secondary school educators, and the public. Eighty-three public and private post-secondary institutions responded to a survey on the extent and nature of their skills development programs.

Findings: The major findings, based on 1982-83 data, are as follows:

High school mathematics courses enrolled 17,200 students in 1982-83. Basic mathematics courses were taken by 15,000 students, writing courses by 7,900, reading by 5,900, study skills by 5,100, and English as a second language by 2,400. Course enrollments for credit in public colleges made up 3,000 full-year equivalent (FYE), or 2.8 percent of all FYE enrollments at these institutions. Many

FIGURE II.3

1982-83 ENROLLMENTS IN REMEDIAL AND SKILLS DEVELOPMENT COURSES



SOURCE: HECB Survey of Institutions, 1983.

other students received individual help with skills through support services rather than specific courses.

Ninety-five percent of the remedial and skills development enrollment occurred in public institutions, whereas these institutions enrolled about 83 percent of all students in 1982-83.

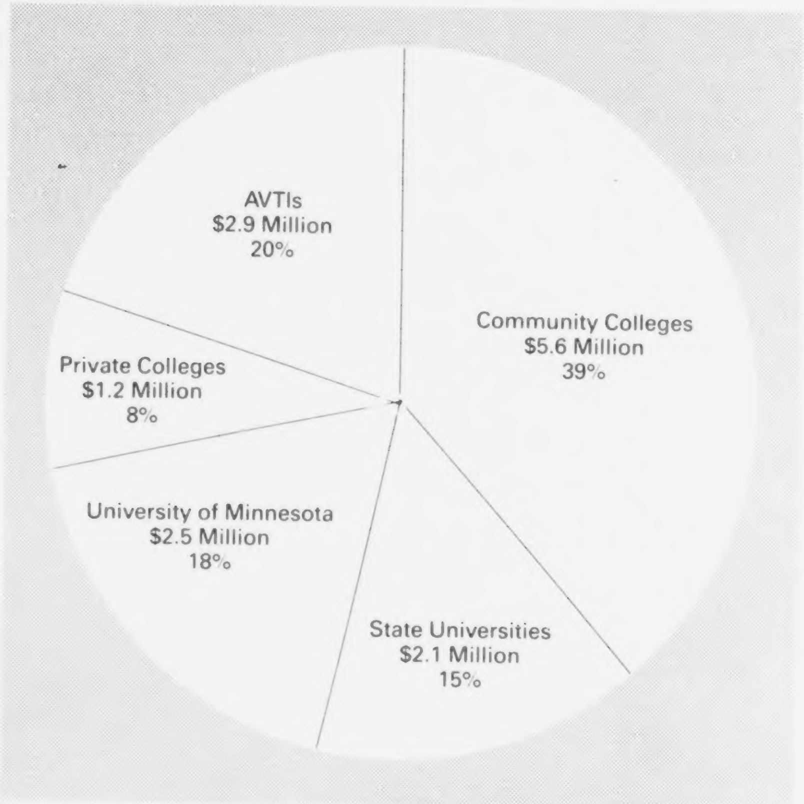
Registrations in remedial and skills development courses appear to have grown dramatically over the past 10 years. Between 1972-73 and 1982-83 registrations in remedial reading, writing, and basic mathematics doubled or tripled while enrollments also grew significantly in skills development instruction courses—high school mathematics, English as a second language, and study skills.

Institutions reported serving about 23,000 students through faculty tutoring programs and 15,000 in academic counseling in 1982-83. About 14,000 students received assistance through individualized learning assistance centers.

Expenditures for remedial courses, skills development courses, and support services were estimated at $14.3 million during 1982-83. Of this amount, $13.1 million was spent in the public systems, representing 2.4 percent of total expenditures for instruction in public post-secondary institutions. Tuition revenues, state ap-

FIGURE II.4

DISTRIBUTION OF ESTIMATED EXPENDITURES FOR REMEDIAL AND SKILLS DEVELOPMENT PROGRAMS, 1982-83, BY SYSTEM



Total estimated expenditures = $14.3 million.

SOURCE: HECB Survey of Institutions, 1983.

propriations, and federal grants are the major sources of funding.

Although based on partial data, the study found that 56 percent of all reported 1982-83 registrations were by 1982 high school graduates. The percentage ranged from 71 percent in writing courses to 13 percent in English as a second language.

There is considerable variation in the kind of academic credit awarded for courses. Some courses provide no credit or credit not applicable to a degree. Others provide elective credit, or, in about a third of the courses, credit toward general education or major requirements. These policies reflect differing institutional decisions about expectations for entry-level skills and the role of remedial instruction within the total educational program.

The study concludes that the existing need for remedial and skills development programs has resulted from changes in the mission of post-secondary education as well as changes in student achievement in the elementary and secondary schools. Particular causes appear to be the following:

extension of the post-secondary curriculum to accommodate students from a wider range of abilities than were enrolled in the past

extension of the post-secondary curriculum to provide opportunity to "late bloomers"—students who have the ability for post-secondary education but need additional preparation for the programs they have selected provision of post-secondary education to learning disabled and handicapped populations

conditions in elementary and secondary education that have reduced the quality of preparation for post-secondary academic work.

Institutional policies to award or deny credit for remedial courses are difficult to interpret without defining remedial instruction. One campus may claim to conduct all remedial work on a noncredit basis while providing credit instruction that would be considered remedial by another college. Because there is no consensus over a definition of remedial work, consistency in the awarding of academic credit for equivalent skills development courses has not been attempted or achieved. This decision is made individually by the faculty and administration at each campus according to their own standards. When students transfer between institutions, differing definitions become a factor affecting the acceptance of credit.

The study concludes that remedial and skills development programs are a vital part of the state's strategy to extend post-secondary educational opportunity to most of the adult population.

In providing remedial and skills development instruction, Minnesota's post-secondary institutions have demonstrated a commitment to helping students achieve their educational and career goals.

Although the availability of remedial programs is necessary to help the state ensure access, there are both human and fiscal costs. Thus, it benefits both the student and the public to develop basic academic skills as early as possible in the student's education.

Alternatives: The study offers three alternative strategies for limiting the need for post-secondary remedial instruction. The three are not mutually exclusive. Different alternatives could be chosen by different systems or institutions. The alternatives would have differing effects on state policies on access, quality, and funding. The advantages and disadvantages of each are discussed in the report. The three alternatives are as follows:

reduce remedial programs following improvements in the overall level of preparation for post-secondary education achieved by high school graduates

raise admissions standards so that students who plan to attend post-secondary education will be required to prepare adequately before entry

clarify expectations of post-secondary institutions so that more students in high school will elect to prepare adequately before entry.

Recommendations: To address the issues raised in the report, *Remedial and Skills Development Instruction in Minnesota Post-Secondary Education*, the Board in May 1984 adopted 14 recommendations that call for a cooperative effort involving: (1) the State Board of Education, the State Department of Education, and local school districts; (2) the post-secondary education community; and (3) the governor and Minnesota Legislature. Specifically, the Coordinating Board recommends THAT:

A. Local school districts, in cooperation with the State Board of Education and Department of Education:

Establish standards for high school graduation based on the mastery of skills and knowledge that would result in improved preparation for all students and particularly for those expected to enter post-secondary institutions.

Rationale: The study concluded that the need for remedial education is caused in part by inadequate standards in elementary and secondary schooling. Exit standards for high school graduation establish the entering expectations for many Minnesota post-secondary institutions. Improvements in the overall achievement of high school graduates would enable post-secondary institutions to concentrate on higher level skills and knowledge.

Impact: This recommendation is consistent with the objectives of the commissioner of education. Tougher standards for high school graduation would reduce the need for remedial instruction in post-secondary education. Some remedial needs, especially among returning students and students with isolated skill problems, would remain.

Develop and implement assessment procedures throughout elementary and secondary education to identify those students who need additional instruction to meet the standards required for high school graduation.

Provide skills development opportunities throughout elementary and secondary education for those students identified in need of additional assistance to meet the standards.

Rationale: The objective of tougher high school graduation standards should be to improve student achievement, not to reduce the numbers of students meeting graduation requirements. To assure that rigorous graduation requirements do not reduce access to post-secondary education, school districts would need to maintain necessary programs to help students achieve higher standards.

Impact: The need for systematic assessment and skills development programs in elementary and secondary school would grow under this recommendation.

Communicate to Minnesota secondary schools, students, and parents guidelines used by post-secondary systems and institutions for defining which courses are college-level and applicable toward undergraduate degree credit and which courses are considered remedial instruction.

Rationale: Since many post-secondary institutions do not admit students on the basis of high school curriculum, high school students may conclude that there is no incentive to participate in rigorous college preparatory courses. An incentive would be created by informing students that if they do not acquire a solid academic foundation in high school, they will use their time and money later making up this work without academic credit. A process for developing consistent standards to advise students is the topic of a recommendation directed to the Coordinating Board below.

Impact: The recommendation would require a systematic campaign conducted through high school guidance offices. Other states have used this aproach, and their publications provide models for adaptation in Minnesota. This recommendation would not affect admissions policy or access to post-secondary education.

B. The Coordinating Board:

During 1984, initiate and conduct a dialogue with the post-secondary education systems and the leaders of state government on the impact of educational missions on admissions standards and on the need to provide remedial education. As missions are altered in the future, the systems and Coordinating Board should keep in mind the impact of remedial education.

Rationale: Admissions policies affect the relative need for remedial programs at different institutions. Overall system and institutional missions, in turn, set the basis of admissions policy. Under current missions, non-selective admissions and the need for remedial support are present in nearly all public institutions. The distribution of resources resulting from these decisions may not be the most cost-effective way to provide necessary remedial programs. Because post-secondary missions are a far-reaching issue—with implications beyond remedial education—further discussion on missions is needed to resolve the roles of the various systems in providing remedial programs.

The time is opportune for inter-system discussion on this topic. In February 1984, the Coordinating Board commented on system statements on admissions policy requested by the legislature.[38] During Board discussion on these statements, which essentially justified current admissions policy on the basis of existing missions, the Board expressed interest in further consideration of the connection between missions and admissions policy. In July 1984 the Board adopted a plan for continuing the dialogue on system missions. The Board and its staff began work with the executive officers and Board chairs of the various systems to implement the plan. The discussion will occur at the same time the systems are individually reviewing their missions as part of a legislative requirement to conduct short and long-range planning.[39]

Impact: The impact of this recommendation would depend on the outcome of the discussion. A key issue is whether there should be clear distinctions among missions in the four public post-secondary systems and their institutions, which in turn would affect how selective their admissions criteria are and what provisions they would make for remedial education.

Convene a task force composed of secondary and post-secondary faculty, academic officers and assessment specialists to develop guidelines for college-level instructional outcomes in reading, writing, and mathematics that should warrant undergraduate degree credit. The task force should report to the post-secondary governing boards and the Coordinating Board no later than May 1985.

Rationale: Minnesota collegiate institutions have evolved differing expectations for remedial and non-remedial instruction. Policies for awarding credit for instruction identified as remedial also vary. While diversity is often a strength of post-secondary education, lack of agreement over credit-worthy work has confused high school students on the needed preparation for post-secondary education and has caused problems for students transferring between institutions.

Impact: The intended outcome of the proposed process is a realistic but substantive definition of college-level instruction—as distinguished from remedial instruction—for Minnesota post-secondary education. Implied in this definition is a statement regarding the skills and knowledge students should acquire in high school. While the specific approach would be determined by the task force, it is hoped that the final definition would call upon college-bound high school students to achieve more extensive preparation than the minimum required for high school graduation.

Help communicate the guidelines developed by the task force to Minnesota secondary schools and students.

Rationale and Impact: The rationale and impact for this recommendation are presented as part of the recommendations directed to local school districts, the State Board of Education, and Department of Education. The Coordinating Board would probably use contacts through its Post-High School Planning Program to assist in communicating the guidelines.

Provide recommendations on improving the quality of teacher education by conducting the teacher education study mandated by the 1984 Legislature and transmitting its report and proposals to the education committees of the legislature by January 1, 1985.

Rationale: Teacher education programs in public and private colleges must bear major responsibility for assuring that Minnesota education meets the needs of its citizens. Nationally, concern over the achievement of elementary and secondary school students has extended to increased scrutiny over the admissions policies and curriculum of teacher education programs.

Impact: A study of teacher education is on the Coordinating Board's current Management Plan for completion later this year. Subsequent to the adoption of the Management Plan, the 1984 Legislature appropriated funds and mandated a study for delivery in January 1985.[40]

C. Post-secondary education systems and institutions:

Provide assessment procedures and remedial instruction for students they admit whose education record does not demonstrate the achievement needed to perform adequately in regular academic or vocational programs.

Rationale: A strong remedial education program is a necessary component of a non-selective admissions policy. Other alternatives serve neither the interests of the student nor the state. Non-selective admissions policies without remedial support lead students to ultimate failure or promote lower standards throughout the curriculum. If Minnesota desires to maintain wide access to public post-secondary institutions, it also must accept responsibility for instruction and support services for underprepared students. Part of this obligation includes application of asessment techniques, such as diagnostic testing or counseling interviews, to place students in needed remedial courses and services.

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[38] *Laws of Minnesota for 1983,* Chapter 314, Article 7, Section 50.

[39] *Laws of Minnesota for 1983,* Chapter 258, Section 34.

[40] *Laws of Minnesota for 1984,* Chapter 463, Article 8, Section 13.

Impact: This recommendation affirms the worth of remedial programs and encourages their expansion where current needs are unmet. Some non-selective institutions have not developed systematic diagnostic and placement procedures. Establishment of these procedures is encouraged in the recommendation.

Implement within their credit policies by the 1986-87 school year the guidelines for college-level instructional outcomes developed by the task force proposed above and communicate them to Minnesota secondary schools and students.

Rationale: This recommendation is intended to strengthen the integrity of undergraduate degrees by placing a floor under instructional outcomes accepted toward degree requirements. Communication on a common floor for degree credit instruction in collegiate institutions also would assist secondary school educators in designing preparatory programs and advising students. By withholding credit for post-secondary remedial work, the incentive on high school students to follow a college preparatory curriculum would be tangible.

Impact: Meaningful standards for college-level work would result in restricting to workload credit (credit awarded for administrative purposes but not applicable to a degree) some courses that are now awarded academic degree credit. The extent to which this will occur depends on the standards recommended by the task force. On one hand, high standards could cause many students to take longer for degree completion since more courses would be designated as inapplicable to a degree. On the other hand, the effect on degree completion rates would be minimized to the extent that high school students respond to the incentive by enrolling in college-preparatory courses.

Contribute their resources and capabilities to the ongoing effort to enhance the quality and improve the outcomes of elementary and secondary education.

Rationale: Minnesota schools are regarded highly, but national problems with curriculum, teacher morale, and achievement standards appear here as well. Other states are making major efforts to upgrade their schools; Minnesota will retain its leading position only through continued attention. While changes in elementary and secondary education must largely come from within, it is in the interest of post-secondary education to work with elementary and secondary education to improve the quality of preparation. Cooperative programs for talented students, teacher in-service training, and joint curricular projects are some of the ways post-secondary education can help.

Impact: The recommendation is offered to encourage and expand existing efforts. Minnesota post-secondary institutions now participate in significant cooperative ventures with the schools. The Alliance for Science, for example, is hosted by the University of Minnesota, Twin Cities. Close relationships with the schools and teachers are an integral part of the mission of the state universities, and they have responded with numerous services to their regions.

D. The governor and legislature:

Finance remedial instruction and support services in public post-secondary education institutions through regular state funding formulas and ensure that students enrolled in remedial instruction be eligible for state financial aid on the same basis of need and workload as other students.

Rationale: If remedial education is a necessary component of post-secondary education, it must be funded adequately. Financing instruction through average cost funding on the same basis as other programs provides an equitable funding base and is consistent with the principles expressed in the first recommendation to the post-secondary systems and institutions.[41] Alternative funding policies for remedial education have been discussed recently in other public forums. One suggestion has been to charge the costs of post-secondary remedial instruction back to secondary school districts on the assumption that deficiencies in prior schooling are at fault. Another proposed alternative is to charge higher tuition for remedial instruction than for other courses on the assumption that student decisions are responsible for lack of preparation. This latter alternative might discourage some students from seeking the help they need. Such a policy probably would affect students least capable of financing their education because of the correlation between family income and academic achievement. Furthermore, as discussed in the report, there are multiple causes for the existing need for remedial education. It would be cumbersome to determine causes individually for funding purposes. The second part of the recommendation seeks to insure that remedial instruction be counted toward establishing the full-time student status needed to qualify for full state and federal financial aid. This is consistent with the equal opportunity goals of the financial aid program.

Impact: This recommendation endorses existing practice in most public institutions and in the state financial aid programs. A third of the remedial and skills development courses at the University of Minnesota are offered on a non-credit basis.The recommendation would endorse assigning some form of workload credit (credit not applicable to a degree) to those courses meeting other credit standards (such as appropriate faculty and administrative oversight) in order to relate state support to enrollments in these courses and to facilitate student eligibility for financial aid.

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[41] Average cost funding was adopted by the 1983 Legislature as part of a package of tuition, funding and financial aid policies. The policy provides funds to the public systems on the basis of enrollments and program costs.

Continue their efforts to support the development of appropriate graduation standards and skill development opportunities at the elementary-secondary level.

Rationale and Impact: The rationale and impact for this recommendation are given under the first recommendation to the local school districts, State Board of Education and Department of Education. In response to public concerns about the outcomes of public education, the legislature has passed several significant laws addressing achievement standards. The recent session increased requirements on the school districts to assess student learning and amended the planning, evaluation and reporting (PER) policy to highlight measurable learner objectives.

Encourage post-secondary systems and institutions to clarify their expectations for elementary-secondary achievement that are necessary to meet standards for basic and special programs.

Rationale and Impact: The rationale and impact of this recommendation are given under preceding recommendations to identify work warranting post-secondary degree credit and to communicate standards to high school students.

4. Policies Related to Standards of Progress

Introduction: While satisfactory progress policies traditionally have been the responsibility of instructional faculty and academic administrators, they have attracted broader interest recently in view of concerns about improving education quality and using limited fiscal resources wisely. Poor student performance and progress raise questions about the wisdom of continuing to invest state funds on those students not meeting reasonable standards. Further, the state's new post-secondary funding policy, which bases public system appropriations directly on enrollment size and program costs, is beginning as Minnesota enrollments are projected to decline. While there is no evidence that institutions have or will deliberately lower their standards to maintain enrollments, satisfactory progress policies have become more visible in this context.

Satisfactory student progress implies two forms of measurement. First, the student's work must meet the achievement standards, usually measured by grades, needed for graduation. Second, the student must move at some identifiable rate in completing required coursework for a defined program of study.

Issue: Interest in satisfactory progress policies reflects a growing concern about meaningful performance standards for students and a desire to improve the quality of education.

Background: The 1983 Minnesota Legislature directed the Higher Education Coordinating Board to conduct a "study of policies and standards relating to student progress and completion of programs."[42]

In response to the mandate, Coordinating Board staff surveyed public and private institutions to determine their general and financial aid satisfactory progress policies. In all, policies representing 142 units at 117 institutions were reviewed. Student records were not verified to check compliance with the stated policies. A special advisory committee representing institutions and system interests and perspectives was consulted during the study.

The Board's report identifies existing policies on grading, enrollment, and completion of courses. It further identifies procedures in place to monitor student progress and protect student rights.[43] The Board had planned to examine and report on satisfactory progress policies as they are defined and applied in administering the state financial aid policies. The Board's rules require recipients under its programs to be "in good standing and making satisfactory progress, as determined by the school." Institutions may apply the same standards both for financial aid eligibility and for general enrollment purposes or they may employ different standards. This project, however, was deleted from the Board's work plan following changes by the federal government in 1984 to tighten standards of progress policies for federal financial aid eligibility. Most institutions, it is assumed, will use the same standards for federal and state programs.

Findings: The review of general academic policies showed that all institutions have adopted some policies on enrollment and satisfactory completion of coursework. Not all institutions, however, have established comprehensive policies to prevent the continued enrollment of students with poor rates of progress in satisfactorily completing work.

The study found that a minority of institutions lack policies in the following areas:

no provision for dismissal of students for poor academic performance;

achievement standards below the level needed to graduate;

lack of controls over assignment of incomplete grades;

lack of controls over outstanding incomplete grades;

use of grades as the sole progress measure while allowing late course withdrawals;

no restrictions on repeating courses.

The most serious gaps at public institutions were found at nine community colleges, one state university, and three AVTIs that had not established basic policies to identify and terminate students with persistently poor records. Separate satisfactory progress policies for financial aid are administered at these institutions in accordance with state and federal financial aid regulations.

Since policies for the report were collected, action had been taken to implement satisfactory progress standards at the community colleges and the state universities. On January 4, 1984, the State Board for Community Colleges acted to install general retention standards at all community colleges by 1986. Metropolitan State University, an upper division, non-traditional institution, recently adopted an academic policy which resulted from a review process initiated in spring 1983.

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[42] *Laws of Minnesota for 1983,* Chapter 258, Section 66.

[43] Minnesota Higher Education Coordinating Board, *A Review of Policies Related to Standards of Progress in Minnesota Post-Secondary Institutions with Coordinating Board Recommendations* (March 1984).

In addition to the above findings, problems in the following procedures were found in a few institutions:

incomplete communication of policies to students;

no restrictions on readmission;

lack of third party appeals procedures.

The study also found that Minnesota post-secondary institutions now display great variation in their academic policies related to standards of progress.

Recommendations: Based on the findings in the review of policies related to standards of progress, the Coordinating Board on March 22, 1984, adopted the following recommendations:

1. **That the governing boards of Minnesota post-secondary institutions establish, maintain, and enforce academic policies that include the following provisions:**

Limits on the continued enrollment of students consistently demonstrating unsatisfactory performance

Performance standards may be phased to allow an adjustment period for new entering freshmen. Academic policies, however, should subject students to possible dismissal no later than the end of the term in which the student has cumulatively attempted the equivalent of 45 quarter credits or attended half of the normal program length, whichever is less. Minimum performance standards should be consistent with graduation requirements by the time students have attempted the equivalent of 90 quarter credits or attended half of the normal program length, whichever is less. Credits attempted should be determined no later than the 10th instructional day.

Dismissal policies may allow for exceptions when the student's institution believes that acceptable performance and progress can be regained. Exceptions should not be granted routinely.

Admissions policies should incorporate procedures to ensure that students readmitted after termination for poor performance have a reasonable chance to meet academic standards. Similar policies should apply to students transferring from another institution.

Rationale: This section of the recommendation asserts that each institution should be prepared to dismiss students who show poor academic achievement. As an outside limit, the recommendation sets a benchmark for the maximum time a student can enroll without demonstrating measurable progress. Similarly, the recommendation specifies a maximum time for requiring the same level of academic performance needed for graduation. Systems and institutions often establish more restrictive policies.

Impact: Twenty-two institutions in the survey did not appear to meet the first part of this guideline. Thirty institutions did not have readmissions policies. The extent to which students are routinely granted exceptions is not known.

Many exceptions to these guidelines are found among the community colleges. The State Board for Community Colleges has directed its institutions to develop retention requirements. These guidelines can be useful as this process occurs.

Restrictions on accumulating a backlog of incomplete work

Incomplete grades should be restricted to students who are likely to complete the course successfully if an extension is permitted.

If incomplete grades are not converted to the regular final grade by the end of the next full term, general performance standards should incorporate a measure of the amount of work to be completed relative to the amount attempted.

Rationale: The investment in a student's enrollment is virtually the same whether or not the course is ever completed. This part of the recommendation addresses incentives on students to complete all work attempted. Ultimately, a persistent pattern of incomplete work should result in identifying and terminating students for lack of progress.

Impact: Thirty-seven institutions now grant incomplete grades routinely without assessing the ability and intent to pass within a restricted time allowance. Twenty institutions use grades as their sole performance standard while allowing students to avoid accountability for incomplete work.

Restrictions on withdrawing from single courses within the student's program

If course withdrawals are permitted after the midpoint of the term, general performance standards should incorporate a measure of the amount of work to be completed relative to the amount attempted.

Rationale: Course withdrawals also represent an investment of resources without progress toward completion of an educational goal. Institutions now control withdrawals by two means. One method is to establish a reasonably early time limit. Withdrawals past the deadline result in final grading which becomes part of the general performance record. A second method is to allow later withdrawals but to impose a completion requirement usually based on coursework completed as a percentage of coursework attempted. Some institutions have both policies.

Impact: According to the survey on existing policies, 26 institutions rely on grades as their performance standard but permit students to withdraw from courses and, thus avoid final grading, past the midterm.

Limits on repeating courses once credit has been earned

Restrictions on registration of courses previously passed should be in place to ensure that a valid educational purpose is being served.

Rationale: Without a control on repeating courses, a student could maintain continuous enrollment without making progress toward a degree or other educational goal. This part of the recommendation states that repeating courses should be restricted but allows institutions to determine the appropriate criteria.

Impact: Fifty-one institutions reported no policies in this area.

Protection of student rights

All academic policies should be published and distributed to students.

Students with inadequate performance should receive written notification sufficiently in advance of the time they become subject to suspension or dismissal so that they have an opportunity to improve their performance. Notification should include information about sup-

portive services and specific goals (either fixed or determined on an individual basis) that must be met within a limited period of probation or academic review.

Notification to students of dismissal or suspension decisions should include information about appeals procedures.

Rationale: Complete and timely information on academic policies is important to avoid potential problems through prior notification and to protect students from capricious actions. This recommendation addresses the desire to use academic policies as a tool to reach and assist students with academic support and counseling services.

Impact: There is general compliance with this guideline, but in some instances institutions could strengthen their responsiveness to student rights.

Supporting administrative procedures

Record keeping and control systems should be designed to enforce the performance and progress standards which have been adopted within these guidelines.

Rationale: A policy is only as strong as its enforcement. Development of policy implies a commitment to provide the administrative support to implement policies efficiently.

Impact: The extent to which stated policies are or are not now followed is unknown. Nearly all institutions claim to monitor student records regularly. One institution commented, however, that one policy could not be enforced because the record-keeping system is not able to identify the relevant factors.

2. **That the governing boards of the four public post-secondary systems report to the Higher Education Coordinating Board on (1) actions taken to review existing policies against the above guidelines, (2) changes in academic policies and procedures reviewed in the staff report, and (3) recommendations for revisions to the guidelines. The reports are requested by June 1, 1985.**

Rationale: Public post-secondary institutions have a particular obligation to impose reasonable standards of progress on students. The development of academic standards is the responsibility of the governing boards and institutions. Through public reporting of efforts to improve academic progress requirements, post-secondary education will confirm that this responsibility is well placed. The suggested reporting procedure also will facilitate continued discussion within the post-secondary community on appropriate standards of progress. Private institutions will be invited to become involved in this process through the Minnesota Private College Council and the Minnesota Association of Private Post-Secondary Schools.

Impact: This recommendation should encourage the public post-secondary systems to use the standards of progress guidelines as a tool in strengthening their policies.

The Coordinating Board's recommendations focus on the use of generally accepted principles as a foundation for institutional policies. The policies of most institutions follow some or all of these guidelines. Where policies now differ, institutions will have considerable latitude to develop their policies within broadly-stated community standards. The recommendations allow flexibility for different types of institutions while still establishing minimum standards to protect the public investment in post-secondary institutions.

5. Standards and Procedures for Awarding Academic Credit

Introduction: Academic credit is a central concept in the administration of higher education. All types of institutions use credit not only to measure student progress, but for several non-academic functions that range from measuring faculty workloads to allocating money. As a common currency in higher education, the integrity of academic credit is vital to the activities within both the institution and the wider higher education community. The process of moving from one college to another, for example, is simplified by the transfer of credit. Credit earned at one institution can be translated to that of a second in much the same way as the currencies of two countries can be exchanged. Both transactions depend upon the belief in the value and integrity of the credit being transferred or currency being exchanged. Moreover, the importance placed on the value and integrity of academic credit will increase as enrollments decline and fiscal resources are limited.

Issue: The issue is how to achieve adequate, consistently applied standards for awarding academic credit. Because credit is used for a variety of purposes, it is important to have a common understanding of what credit measures, common standards for the measurement itself, and consistency in the procedures used by institutions to review the credit awarded.

Background: Concerns about the use of credit and potential future problems were raised in a 1981 Coordinating Board study of part-time and returning students.[44] That study concluded, in part, that:

1. There are no consistent standards for awarding academic credit;
2. Since most budgets are driven by credit production, public institutions operate under strong incentives to award academic credit whenever possible; and
3. There is a danger that as competition for students increases, the meaning of academic credit will be diluted.

Based on the results of that study, the Board proposed an examination of the meaning of and accountability for academic credit in Minnesota's public and private post-secondary education institutions. All degree-granting post-secondary education institutions were asked to participate in a study, and 68 institutions provided information on their standards and procedures for awarding academic credit. In addition, each post-secondary education system was asked to provide two representatives to a special advisory committee which reviewed the study design, the questionnaire, and the findings and recommendations of the study. All post-secondary systems except the State University System participated and had representatives on the study advisory committee. In addition, a draft of the findings and recommendations was reviewed by the Higher Education Advisory Council.

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[44] Minnesota Higher Education Coordinating Board, *Post-Secondary Education for Part-Time and Returning Students, A Policy Paper* (March 1981).

The study focused on how credit is defined in Minnesota, how it is used, and what procedures are used by institutions to protect its value and integrity.[45]

Findings: Following are highlights from the study:

There are a variety of definitions, standards, and practices used throughout Minnesota. Credit is defined in two ways by different institutions. (1) as a measure of total student effort and (2) as a measure of student-faculty contact hours.

Four types of credit are awarded, each reflecting the academic calendar of the institution; quarter credit, semester credit, term credit, and course credit. The different lengths of the terms, quarters, semesters, or sessions and of the typical classroom period result in a wide variation in the amount of classroom instruction time typically required of students for the equivalent of one quarter credit.

Some post-secondary systems have systemwide standards for credit while others do not. The University of Minnesota and the Community College System each has system standards for one quarter credit which are defined as measure of total student effort. In comparison, area vocational-technical institutes do not have a statewide standard for the academic quarter credit. Private institutions, which have separate governing boards, use a variety of standards and definitions of academic credit.

Credit is used not only to measure educational accomplishment but for other purposes. For students, credit is used to define eligibility for financial aid programs and to calculate tuition and fees. For institutions, it is used to calculate current and future fiscal needs, and to measure faculty and departmental work loads. Because the state's funding policy, average cost funding, ties state appropriations to enrollments and program costs, policies of defining and awarding credit have a direct relationship to the amount of funding provided to state-supported institutions.

While regular daytime courses at 70 percent of the participating institutions are reviewed by both (1) the faculty knowledgeable in the subject matter and more directly in contact with the study and (2) the institutional group responsible for all courses offered at the institution (usually the office of academic administration or a faculty committee), some institutions have review only at the institutional or faculty level. Moreover, in 23 percent of the institutions surveyed, credit for continuing education courses is reviewed by a different set of procedures than used for regular daytime courses.

The study concluded that a common understanding of what credit measures, common standards for the measurement itself, and consistency in the procedures used by institutions to review the credit awarded for courses are lacking.

Inconsistencies in standards and procedures for credit can cause confusion for students and prospective students in comparing institutions and in transferring between them. As institutions cooperate to combine academic offerings, as adults return to school and expect credit for previous education and experience, and as the competition for limited public funds increases, this confusion may intensify.

In view of projected enrollment declines and funding restraints, the current uses of credit may provide incentives to faculty members and departments to exaggerate or inflate the amount of credit awarded for educational activities or to award credit for activities which may not merit it. This may be encouraged because the state's approach to financing higher education is based on credit enrollments and excludes non credit enrollments.

For students, credit inflation may minimize the amount of work required for them, thus weakening the quality or value of their education; for faculty members and departments, it may result in larger unwarranted budget allocations.

Recommendations: To address difficulties that can result from inconsistencies in standards and procedures for awarding academic credit, the Coordinating Board adopted the following four recommendations:

1. That the Higher Education Coordinating Board, in cooperation with the public and private post-secondary education systems, develop and recommend, to the extent appropriate, statewide guidelines regarding:

a. whether student effort, student-faculty contact hours, or student competencies are appropriate bases for awarding academic credit.

b. what minimal amount of student effort or student-faculty contact hours should be represented by one credit.

Rationale: There is no agreement on what credits measure or on the amount of either instructional time or student effort required for one credit among the institutions participating in the study. Statewide guidelines with a standard definition of what credit measures should eliminate confusion about the meaning of credit. Moreover, guidelines setting a minimum standard for an academic credit would help to ensure that all institutions require some commonly accepted minimum amount of effort for its credit. Without the adoption of guidelines there will continue to be confusion over the meaning and value of credit awarded by Minnesota post-secondary educational institutions.

2. That each post-secondary education governing board establish minimum standards for the awarding of academic credit.

Rationale: As campuses and institutions of the state-supported post-secondary education systems are funded and governed jointly, it is important that the academic credit with which they measure faculty, department and institutional load be consistent throughout the system. While the University of Minnesota and the Community College System have systemwide standards, the AVTIs are not bound by common definitions of academic credit. The State University System did not participate in this study.

3. All public and private post-secondary education institutions require that credit for courses have the

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[45] Minnesota Higher Education Coordinating Board, *Standards and Procedures for Awarding Academic Credit with Coordinating Board Recommendations* (October 1983).

review and approval of (a) the faculty of the department offering the course and (b) a collegewide group which reviews the credit for all courses offered by the institution.

Rationale: The faculty in the department offering a course are the most knowledgeable in the subject matter and most in contact with the student. Consequently, they are in the best position to determine whether the course content is appropriate for academic credit and to judge the amount of student effort needed to accomplish the course objectives. Nevertheless, more than 20 percent of the institutions participating in the study reported no review by the faculty member teaching the course or the department offering the course. Such a review by appropriate professionals will help to maintain standards regarding academic credit within disciplines.

The review of credit awarded for courses at the college level is a quality control procedure which ensures that the institutional standards for academic credit are being applied appropriately and consistently throughout the institution. While most institutions participating in the study reported such a review, five percent indicated that decisions about credit for regular day courses were the responsibility of the faculty teaching the course or the department offering the course without some institutional review. With this recommendation, all credit decisions would be reviewed at the institutional level.

4. All public and private post-secondary education institutions require that all credit courses offered by the institution, including regular day and continuing education courses, be subject to the same review and approval procedure.

Rationale: Seventy-seven percent of the institutions participating in the study applied the same administrative review procedures for academic credit awarded for continuing education as for regular day courses. Several institutions, however, had significantly different, less thorough review procedures for continuing education courses. The use of consistent administrative review procedures will help to ensure that an institution will have a single system of credit; and that each academic credit is comparable to any other credit awarded regardless of the academic subject, the administrative unit offering the course, or the time or location of the class.

6. Teacher Education

Introduction: More than 40,000 teachers teach in Minnesota public schools, making teaching the largest single professional occupation in the state. In addition to the importance associated with its size, teaching is vital to the state's commitment to quality schools. Because of the state's responsibility to provide for the education of its citizens, the selection, education, and retention of teachers are critical issues for public policy. In recent years, public interest in the quality of teacher education has grown along with concern about the overall performance of American schools and students. National studies indicate that the problems in the selection, training and retention of qualified teachers hinder the performance of the education system in many states.

Issue: The issue is how Minnesota higher education can best meet the state's requirements for qualified teachers. This role includes recruiting and admitting students into teacher education programs, preservice education in preparation for licensure, and graduate and inservice education for practicing teachers.

Background: To guide state policies on teacher education, the 1984 Minnesota Legislature directed the Coordinating Board, in cooperation with the Board of Teaching, to submit a report and recommendations on teacher education by January 1985.[46] A staff report was presented to the Board in November 1984.[47]

Three objectives guided the staff's work on this project:

To place the role of teacher education and licensure within the context of overall education policy, the career development of teachers, and the state's higher education system.

To identify current patterns of career choice, educational preparation, licensure and employment among Minnesota elementary and secondary school teachers.

To analyze major alternative state-level policies on teacher education and licensure that could be implemented to improve the qualifications of Minnesota teachers.

The report focuses on state policies rather than institutional policies on teacher education. These policies include state regulation of teacher education and the structure of teacher licensing. The Minnesota Legislature, to whom the report is directed, can influence the quality of teacher education most effectively in these areas. The report does not evaluate individual institutions and programs.

Because time to complete the study was limited, existing information was obtained from the Board of Teaching, State Department of Education, Minnesota Institutional Teacher Placement Association, the Minnesota Association of Colleges for Teacher Education, and the Post-High School Planning Program. In addition to these sources of existing information, data on continuing education activities submitted for teacher relicensure were gathered from four sample school districts.

Consultants prepared issue papers on five major policies on teacher education and licensure being adopted in other states. In September 1984, the Coordinating Board sponsored a public meeting for the Board of Teaching, the Legislative Commission on Public Education, and other interested parties to hear and discuss the consultants' reports.

The staff worked with a Special Advisory Committee of higher education representatives, a representative of the Commissioner of Education, and the executive secretary of the Board of Teaching. Consultation also occurred with the Higher Education Advisory Council (HEAC).

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[46] *Laws of Minnesota for 1984,* Chapter 463, Article 8, Section 13.

[47] Minnesota Higher Education Coordinating Board, *State Policies on Teacher Education: Analysis and Alternatives* (November 1984).

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Findings: Following are highlights from the report:

Research on effective schools has produced evidence that good teaching is in part a learned skill. Increasingly, research on teacher effectiveness can be used to design teacher education programs that eventually will improve learning in the elementary and secondary grades.

Recent and projected changes in schools affect the demands on teacher education programs. Some of these changes include growing enrollments of minority and handicapped students and changing family and social structures. Schools are being asked to increase their efforts to raise the academic achievement of all students. Instructional technology is changing the way teachers lead their classrooms. Broadening concepts of teachers' roles in the profession and in school management also may alter the desired teacher education curriculum.

Pre-Service Teacher Education Programs

Nearly all baccalaureate institutions in Minnesota prepare teachers. Since 1972, the number of institutions has increased by one. Twenty-seven institutions now offer programs. Between 1971, the peak year, and 1983, the number of graduates fell by 65 percent, from 7,903 to 2,749. Nearly all programs experienced decreases in enrollments.

Institutional and program approval processes of the Board of Teaching are the major means of state regulation of the quality of new teachers since teachers are licensed solely on the basis of completing an approved program.

The Board of Teaching issues licenses in 48 teaching fields.

In elementary education, students typically spend one-third of their time on general education and one-quarter to one-half on education-related subjects. In secondary education programs, academic requirements in the major are similar, and in many cases identical, to liberal arts majors. Students typically spend one-third of their time on general education, one-third on their academic major, and 18 to 25 percent on education-related instruction.

General education requirements for elementary and secondary education students are satisfied through the same courses as other students at each institution. Secondary education students meet identical requirements. Elementary education students must satisfy Board of Teaching distribution requirements in addition to each institution's general policy.

Teacher Education Students

The number of high school juniors expressing an interest in teaching fell by 32 percent between 1973-74 and 1983-84. The decline in interest was greater for girls, 33 percent, than for boys, 26 percent.

Aptitude test scores of high school juniors interested in teaching fell from 1973-74 until 1977-78. They since have risen but are still lower than 10 years ago. During the first part of this period, interest among high scoring students declined while interest among lower scoring students increased slightly. Since 1977-78, changes in expressed interest have shown a different pattern. Interest among high scoring students remained nearly constant while interest among lower scoring students declined. It appears that high scoring students were the first to show less interest in teaching, presumably in favor of other more attractive occupations. They were joined later by students from throughout the ability range.

High school juniors interested in education have lower mean aptitude test scores than students interested in business, engineering, or social sciences. Scores of students interested in business and social sciences, however, fell even faster than scores of prospective teachers during the last decade.

Teacher education programs use a variety of academic and non-academic measures to admit students. College grade point average is used by all institutions. Minnesota is one of eight states that do not regulate admission criteria.

On most indices of academic achievement (high school class rank, aptitude test scores, and college grades), teacher education students appear to be more able than the average high school graduate but about average for the college-going population. Lack of data on the range of measured abilities and lack of comparable data from all institutions make it difficult to assemble a complete picture.

Licensing and Employment

If licensed teachers are not available, the Board of Teaching issues limited licenses on an emergency basis. About 100 limited licenses are issued each year (out of approximately 40,000 full-time equivalent teachers), half in bilingual/bicultural education. School districts experiencing shortages also may receive personnel variances to assign licensed teachers outside their teaching fields.

Fewer than 50 percent of Minnesota teacher education graduates find full-time teaching positions. Placement rates have been especially low the past two years following staffing reductions in many districts. Special education graduates are most likely to take full-time teaching jobs.

Elementary education enrollment trends are expected to result in growing need for elementary school teachers during the last half of this decade. Because of anticipated enrollment growth and teacher retirements, the need for new and replacement elementary school teachers could exceed 5,000 by 1992-93. Over 22,000 teachers not employed in the public schools hold valid elementary education licenses, however, making it difficult to predict the need for more new graduates.

Most secondary teaching fields will continue to have surpluses of qualified teachers until at least the 1990s. The need for secondary teachers then will begin to grow, resulting in at least 1,300 new hires by 1992-93. Retention rates among current teachers and changes in high school curriculum will affect demands for different teaching fields.

Continuing Professional Development

During the past 10 years, Minnesota teachers have become, on the average, more experienced and older. Today, over one-fourth have taught 20 years or more, an increase from 17 percent 10 years ago. Similarly, one-third of the state's teachers are over 44-years-old, an increase from 25 percent in 1973-74.

Teachers today are also more likely to have graduate degrees than in the past. Nearly 30 percent now have a master's or higher degree. Nationally, however, an estimated 50 percent of teachers have advanced degrees.

Continuing professional development has increased in importance for educational quality as the teaching staff becomes more mature. Incentives to teachers through district salary schedules, however, are diminishing as teachers earn their master's degrees.

Continuing professional development programs for teachers are delivered by many different organizations and individuals. Aside from graduate degree programs, colleges and universities have no particular assigned responsibility, although on an individual basis they actively serve schools and teachers.

School districts are not required to provide staff development opportunities for teachers. School aids legislation, however, permits districts to use five days for teacher workshops and other purposes.

Fourteen specially funded state programs of in-service education are operated through school districts, the State Department of Education, and Educational Cooperative Service Units. All programs address identified statewide, rather than local, needs. District participation is voluntary for all programs.

About 45 percent of the state's teachers hold life licenses in all their teaching fields. The remaining teachers must renew their licenses every five years by completing 120 "renewal units." Renewal units are awarded in 18 different categories by local teachers' committees.

In four sample school districts, college courses were the largest single source of renewal units, representing 39 percent of earned credits. District-sponsored in-service activities accounted for 17 percent, the second largest category.

In several instances, committees granted renewal units for activities apparently unrelated to professional responsibilities. There is no audit of these decisions, although they are made under Board of Teaching rules.

Issues: The findings described in the report raise numerous issues. Some of the more important issues involve the following policy questions:

Who should be responsible for setting and maintaining standards for teacher education and teacher licensure?

Should graduation from an approved program be sufficient for state licensure? Should graduation from an approved program be required for state licensure?

Can the quality of teachers be improved through changes in teacher education and licensing?

Should a four-year program be expected to provide beginning teachers with fully developed skills before they are hired?

What responsibilities do the state and school districts have to provide renewal opportunities for teachers? What responsibilities should be assumed by higher education?

Should licensing renewal requirements be considered part of the individual professional development of teachers or should they be linked to state and district priorities for staff development?

Alternatives: Five major state policies were evaluated with the help of consultants:

scholarships and loans to attract students to teaching careers,

statewide minimum admissions standards for entry into teacher education programs,

extended programs of teacher education,

alternative paths to teacher licensure, and

teacher competency assessment as part of licensing requirements.

Papers prepared by the consultants analyzed the experience in other states with these policies.[48] All policies are initiatives that can be implemented and controlled at the state level. As such, they are primarily "top-down" strategies and would constitute major changes in state policy toward teacher education.

The five policies selected for special analysis are not the only directions Minnesota could take to improve the qualifications of teachers. Three other policies also are discussed in the report:

Keep the current structure but make incremental changes in program curriculum and delivery.

Devote more intensive efforts to in-service education and continuing professional development.

Improve the salaries, recognition, and working conditions of teachers in order to attract and retain good people.

Conclusion: In response to public concerns over the quality of the nation's schools, nearly all states are changing their policies on teacher education, frequently in major ways. Changes in Minnesota teacher education policies will occur in this context. Changes, however, must be relevant to the current status of teacher education programs and students in this state.

Practicing teachers, school boards and administrators, the State Department of Education, teacher educators and other higher education officials, the general public and professional education associations have an interest in teacher education and licensing policies. All can have different views on appropriate content and standards.

Minnesota, unlike most other states, controls teacher education and teacher licensure through an independent Board of Teaching. The majority of members of the Board of Teaching are educators in the schools. Still, however, the teaching profession does not have the same level of autonomy as many other licensed professions. As Minnesota debates future policies for teacher education, the proper forms of authority to be assigned to members of the teaching profession and the means of evaluating the responsiveness of that authority to the public welfare will be critical choices.

Recommendations: The Coordinating Board was scheduled to act on recommendations at its December 1984 meeting and submit them to the education committees of the legislature by January 1985.

D. PLANNING

1. Introduction

Achievement of the state's goals for post-secondary education requires strong institutional, system, and statewide planning. The need for sound planning became particularly clear as elected officials, system officials, and institutional officials struggled in the early 1980s to respond to fiscal crises and changing enrollment conditions. As part of a measure (House File 2) to address the state's fiscal problems, the 1981 Legislature directed the public post-secondary systems to develop plans for declining enrollments.[49] The 1983

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[48] Consultants and the titles of their papers are: Arthur M. Hauptman, "Financial Incentives for Attracting Students to Teaching Careers"; Richard D. Hawthorne, "Extended Teacher Preparation Programs"; C. Emily Feistritzer, "Alternatives to the College Approved Teacher Education Program Route for Certifying Classroom Teachers"; Linda Darling-Hammond and Arthur E. Wise, "Testing Teachers for Certification: An Overview of the Issues;" and J. T. Sandefur, "Standards for Admission to Teacher Education Programs."

[49] *Third Special Session 1981*, Chapter 2, Section 6. This legislation contained a large package of tax increases and budget reductions for the entire state. It included cuts of approximately $50 million from post-secondary education budgets for Fiscal Years 1982 and 1983.

Legislature, after reviewing the public systems' initial planning efforts, mandated continuation of the planning process.[50] Related to this is the dialogue on mission sponsored by the Coordinating Board. This emphasis on planning also has stimulated interest in regional and interstate planning. This section summarizes these planning activities.

2. System Plans

The 1981 mandate was "to reduce the cost of present facilities and services in proportion to the reduction in enrollments." The legislation required each system to submit its plan to the legislature by January 1, 1983. The legislation further directed the Coordinating Board to review and comment on the systems' plans.[51] The Board observed in 1983 that Minnesota's present commitment to support post-secondary education institutions and programs exceeds anticipated student demand and resources. The state had to act immediately through a comprehensive, state-level approach that looked beyond the interests of any one system. If no action were taken by the legislature in 1983, widespread deterioration of quality could occur in the next decade, the Board concluded.

Although the Board made no specific recommendations, it stressed the need for action by the executive branch and legislature in 1983 to ensure a future of high quality post-secondary education in Minnesota. The Board proposed interrelated state-level policies in funding, tuition, financial aid and role of private institutions. In addition, the Board advocated a reorganization of public post-secondary education and a recognition that some reduction of activities and institutions would be necessary.

The Board presented three choices for the future—maintain the status quo, maintain quality by closing institutions, or increase efficiency through reorganization.

Preservation of the status quo was seen as a totally unacceptable approach because it would result in deterioration of quality that could result from spreading limited resources too thinly. Four criteria that could be used to determine whether an institution should be considered for closing were posed—costs per student, support costs, enrollment and access. Reorganization, however, would allow more effective use of resources without harmful reduction in quality or quantity of services. This strategy could involve several compatible approaches including consolidation of campuses, pairing of institutions, a regional configuration for post-secondary education, and changes in governance.

In reviewing the system plans, the Board praised them for examples of creativity and initiative. It took special note of the reorganization efforts of the Community College System. The Board, however, argued that the systems individually were unable to adopt a comprehensive, long-range view of the total system of post-secondary education and their role in it.

Since early 1983 the post-secondary systems have worked to strengthen their planning efforts and have been sharing their progress with the Coordinating Board. In April 1983 the Coordinating Board adopted a resolution praising the University of Minnesota's planning process. The resolution commended the Board of Regents and administration for "its exemplary efforts in both initiating and pursuing a far-reaching planning process that will enable the University to effectively fulfill its instructional, research, and public service mission and meet the future needs of the citizens of Minnesota." Further, the resolution noted that the University has made a commitment to a process of selective retrenchment and reallocation that will reduce the number of programs, but preserve and enhance both high quality and high priority programs and enable the University to develop new initiatives.

Another example of the commitment to planning has been the work of the AVTI and Community College Systems to fulfill a 1983 legislative mandate to prepare joint plans for cooperation by each AVTI and community college located in the same community or nearby communities.

1983 Mandate: The 1983 Legislature mandated continued planning efforts by Minnesota's four public systems of post-secondary education and reports to the governor and legislature by December 1 of each even-numbered year. At a minimum, the planning efforts are to include the ongoing intrasystem and intersystem planning processes and the information the systems prepared for the governor's Commission on the Future of Post-Secondary Education. Each system planning report is to contain the mission of the system and short and long range plans for programs, staff, and facilities over the next 2, 5 and 10 years.

Under the 1983 mandate, each system is to review its mission and program plan as it relates to instruction, research and public service. Program plans are to include a statement of program priorities for undergraduate, graduate and professional education as well as data about program cost and average class size within each institution. Further, each system is to review its plan for adjusting the number of facilities, staff, and programs to projected level of demand. Plans for adjustments are to consider campus and program mergers, campus and program closings, new governance structures, and other methods including consolidation of institutions, services and programs with institutions serving the same geographic area but operated by different governing boards.

At a minimum, each planning report is to consider the following factors:

enrollment projections for 2, 5 and 10 years.

estimated financial costs and savings of alternative plans for adjusting facilities, staff and programs to declining enrollments and fiscal resources; and

opportunities for providing services cooperatively with other public and private institutions in the same geographic area.

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[51] Minnesota Higher Education Coordinating Board, *Coordinating Board Review and Comment on Responses by Post-Secondary Education Systems to House File 2* (January 28, 1983).

The Coordinating Board is to review and comment on the reports prepared by the systems. Each system is to consult with the Coordinating Board during the planning process.

The systems were required to submit their reports to the Coordinating Board for review and comment on September 1 1984. The Board was to provide copies of its review and comment to the systems by October 15. The systems were to submit any responses back to the Board by November 15. The system responses are to accompany the Coordinating Board's review and comment when it is submitted to the governor and legislature. As part of its review and comment, the Board is to present information on the costs, enrollment, and participation in public post-secondary institutions.

Status: The post-secondary systems and Coordinating Board have been working to fulfill the mandated deadlines.

3. Dialogue on System Missions

Introduction: The mission statement forms the basis for sound planning and policymaking. Agreement on mission is important for institutions, systems, and the state.

A clear delineation of mission, or purpose, is essential for both systems and institutions. Unless a system or institution knows where it is, where it is going, and where it stands in relation to other systems and institutions, the best intended planning efforts cannot succeed. A system's mission statement is vital in planning programs and policies, particularly as they relate to the total pattern of Minnesota post-secondary education.

Planners and policymakers need to understand the role and mission of each part of the state's post-secondary system and how each system fits into the total picture. Such an understanding will better enable them to make program and budgetary decisions.

Mission is an important criterion used by the Coordinating Board in its special studies and ongoing program review responsibilities. Any new program, for example, is evaluated to determine if it is an appropriate activity for the proposing institution.

Background: The Coordinating Board has recognized the importance of articulating the mission of the total state system of post-secondary education, of the separate systems, and individual institutions. The state's elected officials, the systems, and the institutions likewise have continually examined missions. The Coordinating Board, in developing its annual management plan, has reviewed its mission, which is included in the plan.

In the late 1960s, as the Coordinating Board embarked on its early planning efforts, it examined missions of the post-secondary systems and made specific recommendations for the responsibilities and missions of the private trade and vocational schools, the area vocational-technical schools, the state junior colleges, the private institutions, the state colleges, and the University of Minnesota System.

The Board said that meeting the needs for post-secondary education and maintaining the necessary quality within the limits of available resources could be achieved only if responsibilities are realistically distributed among and within several components, or systems, of Minnesota post-secondary education. Further, the Board said, the levels of funding required to attain and to maintain quality would be impossible to achieve if all institutions undertook responsibility for providing every educational opportunity.

Missions of institutions or systems should reflect present and future conditions rather than past conditions, the Board said. The appropriate role of all institutions must be assessed continuously, and change must be initiated as conditions change.[52]

In the early 1970s the Board highlighted the need to clarify the role of post-secondary institutions and systems. The Board proposed that the governing boards of the four public systems of higher education prepare detailed statements of the role and scope of each of their institutions in relation to the total pattern of post-secondary education during the next biennium. Meanwhile, in response to a 1969 legislative request, the Board presented recommendations on the relationship between area vocational schools and other higher education institutions in Minnesota.[53]

In the mid 1970s the Coordinating Board pointed out that institutions, in response to enrollment conditions, were looking to broaden their market and expand their mission; the Board noted the need for this to occur in a coordinated manner.[54]

The missions of the public and private post-secondary systems and sectors were examined again in 1977. The public systems and most of the private institutions provided mission statements to the Board in connection with the 1977 annual meeting of governing boards which focused on planning for projected enrollment declines. The Board published a summary of these mission statements in a working paper prepared for the meeting. The Board pointed out that while the institutions, systems and the state have examined their role and mission at various times and developed statements, they have a responsibility and an opportunity to reassess and perhaps revise their missions in light of changing conditions—particularly declining enrollments.[55]

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[52] Minnesota Higher Education Coordinating Commission, *Proposal for Progress, Guidelines for State Policy and Comprehensive Planning of Post-Secondary Education* (January 1969), pages 12-45.

[53] Minnesota Higher Education Coordinating Commission, *Meeting the Challenge, Report to the 1971 Minnesota Legislature* (January 1971), pages 29-31.

[54] Minnesota Higher Education Coordinating Commission, *Making the Transition, Report to the 1975 Minnesota Legislature* (January 1975)

[55] Higher Education Coordinating Board, *Planning for Fluctuating Enrollments* (December 7, 1977) page 14 and C-1.

In the late 1970s and early 1980s mission became a key issue in several specific Coordinating Board studies.

The Board in 1981, for example, proposed guidelines on the awarding of associate degrees. An important feature of the proposal was that the AVTIs not expand their mission in the state by expanding their general education/liberal education courses in order to offer associate degrees. The Board proposed, and the 1981 Legislature adopted, language stating that the AVTIs should offer associate degrees only through cooperative efforts with collegiate institutions that offer the general education component.[56]

During the late 1970s and early 1980s, mission became a critical aspect of the Board's studies and recommendations on the role of the state's AVTIs and community colleges. A key finding leading to the Board's recommendations for a new governance structure for these institutions was that the current and future missions of the community colleges and AVTIs tend to overlap. In the same studies, the Board also examined the mission of the General College of the University of Minnesota and the mission of the State University System in providing vocational instruction.[57]

The governor and legislature frequently have looked at mission in making decisions affecting post-secondary education. In the mid-1970s, for example, the legislature examined missions during its consideration of proposals to alter the governance structure of Minnesota post-secondary education. The mission of the State University System was discussed for several years leading to the change in name from state colleges to state universities. In 1981 the legislature directed the systems to consider mission as part of their response to House File 2, planning for anticipated enrollment declines.[58] And in 1983 mission was reviewed again in hearings leading to the creation of the new State Board of Vocational Education. Moreover, the legislature has considered mission issues in its decisions on funding for particular institutions, such as Southwest State University, and particular programs, such as new engineering programs.

The post-secondary systems often have reassessed their missions as they have considered the future roles of their systems, institutions and programs. They have adopted statements outlining the purposes of the system or institution, the types and levels of programs offered, and the types of students served. Within the systems, some individual institutions have developed their own mission statements. For many systems and institutions, the mission statement is an integral part of the planning process.

Dialogue on System Missions: In 1984 the Coordinating Board identified the need to re-examine the missions of the state's public and private post-secondary systems and their relationship to the state's total educational system. The timeliness of such an inter-system discussion has become clear in view of the conditions and trends facing post-secondary education, by the findings and conclusions of several recent Board policy studies, and by specific legislative interest in missions as they relate to system planning.

Projected enrollment declines and fiscal constraints have prompted systems and institutions to define more carefully what they will offer and whom they will serve. They are devoting more attention to their planning efforts than in the past. Mission is a guiding factor as they identify their markets and determine how best to allocate their resources.

The effect of mission on system policies became clear as the systems responded to a legislative mandate on admissions policy during the past year.

The Board, in its study on remedial instruction, concluded that mission affects admission policy, which, in turn affects the need for remedial instruction.

As part of its package of recommendations on remedial instruction adopted May 17, 1984, the Coordinating Board proposed that during 1984 it initiate and conduct a dialogue with the post-secondary education systems and the leaders of state government on the impact of the systems' educational missions on admissions standards and on the need to provide remedial education.

In August 1984 the Coordinating Board adopted a plan for continuing the dialogue on system missions and proceeded to work with the executive officers and board chairs of the various systems to implement the plans.

The inter-system discussion of mission is occurring at the same time the systems are individually reviewing their missions as part of legislative requirements to conduct short and long-range planning. The 1983 Legislature directed the four public systems to submit to the governor and legislature on December 1 of each even-numbered year a planning report for its system (See Chapter II.D.2). The planning report is to contain the mission of the system and short and long-range plans for programs, staff and facilities. The report is to specify the mission and plans for two, five and 10 years. Further, each system is to review its mission as it relates to instruction, research and public service.[59]

The issue of mission was addressed by the Commission on the Future of Minnesota Post-Secondary Education. This Commission, chaired by former Governor Elmer L. Andersen, proposed a mission for higher education in Minnesota and throughout its report made specific recommendations affecting missions of the various systems.[60]

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[56] Minnesota Higher Education Coordinating Board, *Associate Degrees in Minnesota Post-Secondary Institutions with Coordinating Board Recommendations* (February 26, 1981).

[57] Minnesota Higher Education Coordinating Board, *Recommendations on the Future of the Community College System and Area Vocational-Technical Institutes* (January 1981).

[58] *Third Special Session 1981*, Chapter 2, Section 6.

[59] *Minn. Stat.*, Section 135A.06 (1983 Supplement).

Thus, while the institutions, systems and others have addressed mission, no comprehensive intersystem review and dialogue of mission and its implications for future state policies has occurred for several years. The plan for continuing the dialogue on system mission, sponsored by the Coordinating Board, is intended to accomplish that.

The Plan: To start the dialogue, the Board in August 1984 adopted a common set of discussion points for reviewing systems' missions. They are as follows:

What are your system's current missions?

What distinguishes your system's mission from other systems' missions?

How would you rank the relative importance of the various elements of your system's missions?

What elements of your system's mission do your institutions perform very well?

Are there elements of this mission that you believe are not well served by the institutions within your system?

How has your system's mission changed over the past decade, and why?

Do you envision any changes in the system's mission:

in the next two years;
in the next five years;
in the next ten years?

If so, what changes do you anticipate?

The systems responded to the discussion points in conjunction with their response to the legislative planning mandate. The governor and legislature also were informed of the plan for continuing the dialogue and invited to participate. In fall 1984 the Board received drafts of the legislatively mandated long-range plans.

A Board draft response was prepared in late fall. The mission issue was the focus of the annual meeting of governing boards in December 1984. The Coordinating Board was to submit a paper to the 1985 Legislature in January.

4. Regional Planning

Introduction: Regional planning and coordination have diminished in Minnesota with the 1981 elimination of regional post-secondary centers. Yet the need for continued regional planning remains. The Coordinating Board has been working to develop a regional planning format. The Commission on the Future of Post-Secondary Education in Minnesota also recognized the importance of regional planning, recommending that area planning groups be established.

Background: Because of severe state budget deficits, the 1981 Legislature eliminated three regional post-secondary centers, located in Rochester, Wadena, and the Iron Range. These centers, operated by the Coordinating Board since their creation in 1973, assisted institutions within the region to work cooperatively. The centers improved accessibility of all levels of post-secondary education to residents of the regions; they helped avoid unwarranted duplication of educational services in the regions; they provided an effective liaison between regional post-secondary planning and planning for other public services, and they brought to the Coordinating Board a valuable regional perspective.

Status: The absence of the regional centers has demonstrated the importance of formal regional planning. Many excellent models for cooperation have developed in Minnesota, but much more could be accomplished. To facilitate regional planning, the Coordinating Board has initiated a project to develop a regional planning format that could be used by institutions within a region to assist them in coordinating their activities. No such effort can be successful, however, without the cooperation of the various systems and institutions to assist in collecting common data.

In a separate effort to encourage regional planning, the four public post-secondary systems established an inter-system planning effort. Such an effort only can be partially effective, however, because it does not include either the private institutions within the region or out-of-state institutions within the region. Effective regional planning must include the entire array of institutions within a logical service region.

5. Interstate Planning

Introduction: Through the interstate tuition reciprocity programs and a modest number of other contract-for-service programs, Minnesota has worked with its neighboring states to expand post-secondary educational opportunities. Recently, however, cooperative efforts have been expanded with Wisconsin and South Dakota to include academic program planning.

Issue: At issue is how best to provide high quality educational opportunities to the residents of Minnesota and its bordering states without unnecessary duplication, thus minimizing the amount of public expenditure to achieve the goal in all states involved.

Status: Governor Rudy Perpich of Minnesota has initiated discussions with the governors of both Wisconsin and South Dakota to investigate possible areas of cooperation. Governor Perpich and Governor Anthony Earl of Wisconsin in 1983 convened a Minnesota/Wisconsin dialogue, which has brought state leaders in various areas, including education, together to work toward greater coordination. The governors continue to reinforce the need for such coordinated planning. Although no formal cooperative agreements have evolved beyond the existing tuition reciprocity agreement, some informal coordination has begun. The University of Wisconsin, for example, has agreed to ensure access to qualified Minnesotans who wish to pursue graduate study in library science; this has allowed the University of Minnesota to eliminate its library science program. And the Coordinating Board has involved Wisconsin directly in the analysis of nursing needs in the northeastern Minnesota/northwestern Wisconsin area.

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[60] Commission on the Future of Minnesota Post-Secondary Education, *Post-Secondary Education in Minnesota, A Commitment to Quality, Access and Diversity* (April 1984), pp. 1-5.

Some efforts to coordinate planning, however, have not been successful. A long-standing cooperative arrangement in which Minnesota provided veterinary medicine opportunities for Wisconsin residents broke down when Wisconsin built its own veterinary school, which opened in fall 1983. And another attempted cooperative venture failed when Wisconsin established two doctoral nursing programs, despite an offer from the University of Minnesota to assure access for qualified Wisconsin residents to its doctoral nursing program.

Cooperation also has been expanding with South Dakota. One significant step toward greater cooperation has been negotiations to include AVTI students in the tuition reciprocity program for the first time. Other efforts, though less formal, also have enhanced cooperative academic planning between these states. South Dakota has begun advertising the unique barrier-free campus at Southwest State University in Marshall, Minnesota, which is available through reciprocity to South Dakota students. Post-secondary vocational educators on the borders of the two states have begun to coordinate program development and student recruitment. And South Dakota has closed a state university, University of South Dakota, Springfield, in the southeastern portion of the state in part because of the nearby availability of Southwest State University.

Although much more interstate planning has begun to occur in the past two years, greater cooperation will benefit all the states involved. In particular, nearby border institutions could cooperate in identifying their individual areas of excellence and then proceed to accentuate those areas and diminish activity in areas of strength of neighboring institutions. Neighboring institutions also could investigate the possibility of sharing faculty and equipment, and state laws might be changed to facilitate such sharing of resources.

COORDINATION AND COOPERATION

III

III

A. INTRODUCTION

Coordination of the state's post-secondary education resources and cooperation among the systems and institutions will become increasingly important as enrollments decline and institutions compete for students. The need for coordination and cooperation will grow as the state, systems and institutions seek to use limited fiscal resources more efficiently. Promoting coordination and cooperation is a major Coordinating Board responsibility. The Board is required by statute to review instructional programs. It is mandated to monitor continuously and study the transferability of credits between Minnesota post-secondary systems and make recommendations to the legislature and post-secondary systems.

This chapter describes the Board's coordination activities. It summarizes the Board's review of instructional programs during the biennium and discusses three related issues. One is the difficulty of assessing need for proposed programs in evolving occupations such as international business; a second issue is the increase in proposals by private vocational schools to grant the Associate in Applied Science Degree. A third issue is the review and monitoring of the development of new engineering programs. The chapter also highlights the Board's first review of trends in the number of graduates from existing post-secondary instructional programs.

Two legislative mandated responsibilities are described. The 1983 Legislature directed the State Board of Vocational Technical Education to report to the legislature on program decisions affecting AVTI programs with low enrollment and low placement and assigned the Coordinating Board to review and comment on that report. Also, the legislature required that the Coordinating Board study the need for engineering support programs in two-year institutions.

For the past 15 years the Board has reviewed and studied nursing education. This chapter presents highlights from a Board report on progress in implementing articulated—or coordinated—nursing education programs. The chapter also summarizes the Board's study of nursing education needs in northeastern Minnesota and northwestern Wisconsin.

The chapter reviews some successful cooperative efforts. Since 1969 Minnesota's library community has demonstrated an ability to work together to share library resources through statewide and interstate cooperation. This has been accomplished under the Minnesota Interlibrary Telecommunication Exchange (MINITEX), administered by the Coordinating Board.

Cooperation among AVTIs and community colleges located in the same or nearby communities has improved in recent years. To stimulate this development, the 1983 Legislature, as part of the act creating the new State Board of Vocational Technical Education, mandated the development of plans for cooperation by 13 pairs of AVTIs and community colleges located in the same or nearby communities. It also required the Coordinating Board to review and comment on the plans.

The Board's role also involves developing constructive federal-state relations in post-secondary education. This chapter describes federal developments during the biennium.

B. ACADEMIC PROGRAM COORDINATION

1. Program Review

Introduction: The Coordinating Board has the statutory responsibility to review proposed new programs of instruction and periodically to review existing programs.[1] As competition for students increases, institutions may expand program offerings and shift program emphasis. Thus, program review is one of the Board's major functions in coordinating post-secondary education.

Background: The Coordinating Board's Policy on Program Review incorporates guidelines for the review of proposed new programs and explicitly addresses three additional categories of program review: (1) existing programs where a substantial change is proposed; (2) existing programs selected for review; and (3) programs proposed for discontinuation.[2]

The guidelines for reviewing proposed new programs are:

1. Mission of the Proposing Institution

   Is the program within the stated mission of the proposing institution?

2. Evidence of Institutional Readiness

   Does the institution have adequate faculty, library, facilities, equipment, etc.?

3. Cost of the Program

   What is the cost of the program and how do the costs compare to other similar programs?

   Will the program require additional resources, or be funded through a re-allocation of existing resources?

   What percentage of the program costs are funded by public tax dollars?

   Is the program primarily dependent on public resources?

4. Identification of the Geographic Area the Program is Designed to Serve

   What is the proposed service region for the program?

5. Justification for Implementation of the Program

   a. Need

      What is the student demand (all programs) and the employment opportunities for graduates (occupational programs)?

   b. Duplication with Other Programs and Other Non-Formal Educational Sectors

      Does the program unnecessarily duplicate other programs? If so, then what percentage of the program costs are funded by public tax dollars?

      Is the program primarily dependent on public resources?

   c. Identification of the Geographic

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[1] *Minn. Stat.* 136A.04(d) (1984).

[2] Minnesota Higher Education Coordinating Board, *Policy on Program Review* (June 1982). For program review, a program is defined to include any sequence of courses, activities, or experiences which will lead to a degree or certificate, which will be recognized or described as providing preparation for a vocation, or which will serve as a field of specialization or an area of concentration, such as a major or minor field in a broader degree program.

TABLE III.1.
SUMMARY OF ACTION ON PROPOSED NEW PROGRAMS
FISCAL YEARS 1976-1984

	1975-76	1977-78	1979-80	1981-82	1983-84
Category					
Preliminary Proposals	189	108	110	81	75
Formal Proposals	136	71	100	75	75
Discontinued Programs	35	18	21	49	37
Board Action					
Favorable Recommendation	103	59	87	60	71
Conditional Recommendation	26	11	2	2	2
Unfavorable Recommendation	—	1	1	6	1

Area the Program is Designed to Serve

What is the proposed service region for the program?

d. Utilization and Capacity of Existing Programs

How many students are being served?

What is the student/faculty ratio?

How many students could existing programs accommodate without additional resources for faculty, equipment and facilities, etc.?

e. Placement Data for Graduates from Existing Programs

What are the employment placement rates and experiences for graduates of existing programs?

f. For Programs Not Offered in the State, an Assessment of How Education and Training Needs Are Currently Being Served

Why is a new formal education program needed in a field of study where it was formerly not required?

The policy also describes a procedure for identifying existing programs that are underused or represent an unnecessary duplication of effort. Data collected by the Board on trends in the number of graduates from each program offered by Minnesota post-secondary institutions enable the Board to identify expanding and contracting programs and fields of study within individual institutions as well as statewide. Based on an analysis of these data, the Board makes recommendations.

Status: In recent years, fewer academic programs have been proposed at all levels of post-secondary education in Minnesota. During Fiscal Years 1983 and 1984, the Coordinating Board received for preliminary review 75 proposals for new programs.[3] Of the 75 formal proposals, 74 came to the Board for action because one was withheld by the post-secondary system. The Coordinating Board acted favorably with condition on two and unfavorably on one proposed program, as noted in Table 1. During this period, the institutions formally discontinued 37 programs primarily because of diminished student demand.

Unfavorable action by the Coordinating Board is the exception rather than the rule for two reasons. First, an extensive review process at the institutional and system levels prevents some program proposals from reaching the Coordinating Board. Second, review by the Coordinating Board's Program Advisory Committee, as well as staff evaluations, exerts pressure on institutions to withdraw programs of questionable merit before they reach the Board for action.

In March 1984 the Board voted to not grant favorable review to the Bachelor of Science in Applied Management proposed by National College (Rapid City, South Dakota), Minneapolis-St. Paul extension. The Board's evaluation of the program noted that under the college's proposed Bachelor of Science program, it would be possible for a person to achieve a bachelor's degree with little upper division course work and without the requirement of completing a major program of study at the institution granting the degree in the major.

The Board in February 1983 granted favorable review to the Bachelor of Science in Physics for Technical Applications at the University of Minnesota-Duluth, on the condition that the University clarify the intent of the proposed program to be a physical science program, not an engineering program.

A second program given conditional approval was the Master of Management and Administration at Metropolitan State University. The Board in April 1983 voted to grant conditional approval for three years based on the condition that the program be reviewed in the second and third years by an outside consultant to see whether the program has worked and that during the third year the Coordinating Board consider continuation of the approval.

The Coordinating Board also requested that the State University Board review the mission of Metropolitan State with respect to master's programs and advise the Coordinating Board as to its conclusions prior to the review for continuation of approval. The Coordinating

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[3] Program proposals are researched and evaluated by the Board staff. They also are reviewed by a program advisory committee which includes representatives of the state's post-secondary systems. New program proposals go through a preliminary and formal stage. If a proposal gains formal status, the Board either grants favorable or unfavorable review or may attach conditions.

Board indicated its hesitancy to approve any additional master's programs at Metropolitan State.

Following discussion of the program in February 1983, the Board asked the Higher Education Advisory Council to advise it on the possibility of unnecessary duplication of similar programs existing or proposed at St. Cloud, Mankato, St. Thomas, and the University of Minnesota. Also, the Coordinating Board asked the State University Board for advice on how the programs at Metro, Mankato and St. Cloud would be coordinated.

The Council advised the Board that provisional approval be granted for two to three years and that Metropolitan State offer no other graduate level programs. The Council advised that the mission of Metro ought to continue primarily to be focused on undergraduate upper division programs.

Related Issues: Several important issues surfaced during the biennium in the Coordinating Board's program review process. One issue is the difficulty of assessing need for proposed programs in new or evolving occupations. A second issue is the growth in proposals by private vocational schools to grant the Associate in Applied Science Degree. A third issue is reviewing and monitoring the development of new engineering programs.

Need for New Programs in Evolving Occupations: A difficult issue that has emerged in the review of proposed instructional programs is assessing the need for programs in new and evolving occupations when little documentation is available. Under the Board's program review criteria, demonstrated need is defined as evidence that there will be occupational opportunities for students completing the program. Institutions often rely on projections of employment opportunities from the United States Department of Labor or Minnesota Department of Economic Security to document program need. Within the past two years, the Board has reviewed several programs where solid evidence of need was not provided by the proposing institution because traditional sources of information did not have data. In these cases, institutions must rely on local or regional data generated through surveys or on the advice of interested community groups. While sources of these data may be well intended, their focus often is on one particular program.

On programs of this type, the Board has recommended implementation with the understanding that an overall plan for additional, similar programs will be coordinated within and between appropriate post-secondary systems.

International business is an example of this type of program. In fall 1983 the Board favorably reviewed an international business program proposal from Moorhead State University. Meanwhile, proposals were being developed by St. Cloud State University, Mankato State University, and the University of Minnesota; at least two private colleges had implemented programs. Also, at this time the Governor's Commission on International Business Education in Minnesota was meeting.

In winter 1984 the Commission recommended that a graduate program be established at the University of Minnesota, and Governor Rudy Perpich recommended that the 1984 Legislature appropriate $60,000 to finance a faculty committee to produce a plan for the development of a graduate school. The governor also recommended $25,000 for the State University System to develop and plan an expansion of undergraduate programs. Neither funding request was approved.

The Coordinating Board in March 1984 granted favorable review to the baccalaureate major and minor programs in international business at St. Cloud State University. The Board requested, however, that the Board of Regents, State University Board, and the Private College Council provide a systemwide plan for their institutions regarding undergraduate international business programs before the Board is asked to review further program proposals.

Meanwhile, the 1984 Legislature adopted language requesting the University of Minnesota and the State University System to prepare coordinated, detailed plans and specifications for international school of business endeavors and include them in their 1985 budget requests.

Another example of a program in an evolving occupation is Robotic Technician. In January 1983 the Board favorably reviewed robotic technician programs at Granite Falls AVTI and Staples AVTI with the understanding that the Board of Vocational Technical Education had developed a comprehensive statewide plan for this program area which provides that three institutions have developed this program to satisfy state and regional needs and that no further programs be proposed or recommended for approval. In August 1983 the Board approved a robotic technician program at Minneapolis AVTI.

Also, in January 1983 the Board granted favorable review to Microcomputer Repair Technician at Staples AVTI with the understanding that the Board convey to relevant governing boards that no additional programs in this area will be recommended for approval until a comprehensive statewide plan for this program is developed and agreed upon by all parties.

Associate Degrees: During the past year, the issue of associate degrees awarded by Minnesota post-secondary educational institutions reemerged. The Coordinating Board made several recommendations to the 1981 Legislature, including that the governing boards establish guidelines for the awarding of associate degrees.[4] Subsequently, the 1981 Minnesota Legislature enacted a law allowing AVTIs to grant associate degrees under certain conditions.[5]

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[4] Minnesota Higher Education Coordinating Board, *Associate Degrees in Minnesota Post-Secondary Education* (July 1980).

Minnesota Higher Education Coordinating Board, *Associate Degrees in Minnesota Area Vocational-Technical Institutes, With Coordinating Board Recommendations* (February 1981).

The law states that the State Board of Vocational Technical Education may approve, disapprove, or modify a plan for awarding associate degrees at an AVTI. The State Board is to approve a plan only when an associate degree is required by a licensing authority and is offered in cooperation with a collegiate institution. The State Board may approve a plan for awarding an associate degree which is not offered in cooperation with a collegiate institution only if cooperation is not practicable. All associate degree plans approved by the State Board are to be presented to the Coordinating Board for review and recommendation pursuant to the Board's program review authority and provisions of the law. The law exempts associate degrees offered by AVTIs prior to January 1, 1981.

A Coordinating Board staff report identifying and analyzing the incentives and impediments to cooperation between AVTIs and collegiate institutions was completed in 1982.[6] The legislatively-mandated report also covered the associate degree granting activities of AVTIs.

Coordinating Board staff found that associate degree programs in AVTIs are rare and represent only a fraction of all the non-baccalaureate degree programs offered by Minnesota's post-secondary institutions.

A recent development has been the review of several proposals from private vocational schools to grant the Associate in Applied Science. In 1984 the Board granted favorable review to 15 of these programs after the institutions obtained approval to grant the degrees under the Private Institutions Registration Program.

The proposed new programs from these institutions added general education coursework to the currently available program. While this additional curricular requirement may benefit students, it raises several issues.

First, is it appropriate for private vocational schools to award associate degrees while public AVTIs are allowed to do so only under special circumstances or in cooperation with a collegiate institution? Since the mission of public and private vocational schools has been to prepare people for entry level occupations requiring technical skills, the movement of private vocational schools to add general education to the curriculum could result in a competitive edge.

Second, does a curriculum that adds a general education component provide a general education equal to that available in Minnesota's colleges and universities? Vocational students often receive related education courses as part of their technical preparation for a job. Some of the courses included in the proposed new programs from the private vocational schools include courses that could be categorized as related rather than liberal arts.

Third, will associate degrees granted by private vocational schools be helpful to students when dealing with potential employers or baccalaureate degree granting institutions? One basis for proposing associate degree status for technical programs is that employers prefer to hire people who have a degree. Apparently some employers would use the associate degree as a screening device for job applicants even though the job does not require a degree. Also, will Associate in Applied Science degrees from private vocational schools be accepted by four-year colleges and universities toward their requirements for a bachelor's degree? Based on discussion of the Board's Special Advisory Committee on Credit Transfer, students with an A.A.S. will not be assured of advanced placement, and the general education component of an A.A.S. degree may not be accepted in lieu of credit toward a degree.

Engineering Programs: During the biennium the Coordinating Board reviewed three new engineering programs that were created under the governor's High Technology Initiatives of 1983, and the Board recommended that the programs be monitored closely as they are developed to ensure that they are of high quality. In October 1983 the Board granted favorable review to Bachelor of Science in Electrical Engineering at Mankato State University and Bachelor of Science in Electrical Engineering at St. Cloud State University. In August 1984 the Board granted favorable review to Bachelor of Computer Engineering at the University of Minnesota-Duluth.

The Coordinating Board recommended to the state's post-secondary education governing boards that a common intersystem format be designed to monitor the performance and impact of the engineering programs. This evaluation format would consider such items as an assessment of faculty, facilities, and equipment; a display and assessment of standards applied to students participating in the program, and graduate followup information.

Second, the Coordinating Board recommended that the Higher Education Advisory Council be requested to consider a set of common data elements for intersystem consideration of engineering programs and address other inter-system and interinstitutional issues, such as articulation with two-year programs. The Board has requested that the results of this intersystem effort be communicated to it as soon as possible.

Third, the Coordinating Board recommended that the system administrations prepare resolutions for their respective boards' action, stating their intention to pursue accreditation by the Accreditation Board for Engineering and Technology (ABET) as soon as possible, and to make the resulting accreditation reports available to the Coordinating Board, the executive branch, and the legislature for use in whatever statewide review process is decided upon.

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[5] *Minnesota Laws 1981*, Chapter 353 (*Minn. Stat.* Section 121.218, 1982).

[6] Minnesota Higher Education Coordinating Board, *Factors That Affect Cooperation Between Minnesota Post-Secondary Institutions* (January 1982).

2. Review of Trends in Number of Graduates from Existing Programs

Introduction: Given limited funds and a projected enrollment decline of 14-23 percent by the mid-1990s in the public-post-secondary systems, it may not be feasible to continue to support the more than 3,000 major programs now available through Minnesota's post-secondary institutions. Changes in the current mix of instructional programs may be necessary; some programs will need to be eliminated and new ones added in response to societal and educational needs.

Issue: As enrollments decrease, the number of programs with a declining graduate number is likely to increase. In order to focus on areas of greatest need, post-secondary education governing boards will need to decide which programs they can offer efficiently.

Background: Since 1970 the Minnesota Higher Education Coordinating Board has reviewed proposed new programs and considered existing programs under its statutory mandate which authorizes the Board to:

> *"Review, make recommendations and identify priorities with respect to all plans and proposals for new or additional programs of instruction or substantial changes in existing programs to be established in or offered by, the University of Minnesota, the state universities, the community colleges, and public area vocational-technical institutes, and private collegiate and non-collegiate institutions offering post-secondary education, and periodically review existing programs offered in or by the above institutions and recommend discontinuing or modifying any existing program, the continuation of which is judged by the Board as being unnecessary or a needless duplication of existing programs;"*[7]

During the past biennium, the Coordinating Board developed a program data base and a systematic procedure for reviewing existing programs. The program review policy adopted on June 24, 1982, outlines the Board's plan for reviewing selected programs in order to identify programs that are underused or represent an unnecessary duplication of effort.[8]

The decision to review a specific program area could be determined in one of two ways. First, as in recent Board studies, an area of concern is identified by the Board, legislature or governor. The Board examines the area of study and prepares a report. In recent years, for example, the Board has reviewed programs in optometry and osteopathic medicine, nursing and teacher, early childhood and special education.

A second, more systematic method for identifying areas of concern involves a look at programs over time, specifically the number of graduates. An analysis of the most recent five-year trend in number of graduates—as well as the magnitude of that trend—identifies programs that may represent an unnecessary duplication of effort.

To assist institutions and systems in their planning and to ensure a statewide, intersystem perspective, the Coordinating Board for the first time, using its program inventory, analyzed trends in the number of graduates from each major program of study for the five-year period, 1977-1982. A report based on the analysis includes information on more than 3,000 major programs of study available through 106 institutions, with the focus on clusters of programs.[9] It highlights programs with the most severe declines in graduate numbers.[10]

Although the number of program graduates is only one measure of instructional program activity, it can be useful for several reasons. An analysis of clusters of similar programs identifies programs that appear to be declining in use and that possibly represent an unnecessary duplication of effort. Many programs may be offered where fewer would suffice. Because program graduate numbers indicate the number of students a program is attracting, this criterion also may be a useful proxy for quality.

Findings: Following are highlights from the report:

3,040 individual programs were offered by 106 institutions in 1981-82. These 3,040 programs represent 750 program clusters or areas of study.

AVTIs offered 799 programs while private four-year colleges offered 699, the University of Minnesota 683, and the state universities 637.

Private colleges offered almost half of all the baccalaureate-level programs with 655; the state universities reported 438, and the University of Minnesota 268.

Non-baccalaureate programs experienced more growth in graduate numbers during the five years than did baccalaureate or graduate-level programs. Over one-third of baccalaureate programs experienced a decrease in graduate numbers.

Some specific highlights are:

Of 3,040 programs, 486, or 16 percent, reported zero graduates for 1981-82, and 153, or 5 percent, reported zero graduates all five years.

One of every 11 master's-level programs and one of every 12 baccalaureate-level programs reported zero graduates the past five years.

Private four-year colleges reported the most programs, 79, with zero graduates the past five years, as well as the highest proportion of zero graduates for the five years.

Thirty undergraduate program clusters with four or more programs in each cluster experienced a 10 percent or greater decrease in graduate numbers during the past five years. These 30 clusters involved 369 programs, 14.7 percent of the 2,407 undergraduate programs offered.

Four baccalaureate program clusters with more than 10 programs per cluster experienced a 25 percent or greater decrease during the past five years. These four clusters included 96 programs, seven percent of the 1,361 baccalaureate programs offered.

Eleven doctoral programs experienced a 50 percent or greater decrease in graduate numbers the past five years.

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[7] *Minn. Stat.* 136A.04(d) (1984).

[8] Minnesota Higher Education Coordinating Board, *Policy on Program Review* (June 1982).

[9] A cluster is a grouping of similar programs across multiple institutions (e.g. all history programs offered in the state).

[10] Minnesota Higher Education Coordinating Board, *A Review of Trends in the Number of Graduates From Existing Minnesota Post-Secondary Instructional Programs with Coordinating Board Recommendations* (January 1984).

Approximately half the state's baccalaureate-level programs had an average of less than 10 graduates per program per year, as did over 20 percent of the master's/specialist programs. In contrast, over 95 percent of all non-baccalaureate programs graduated more than 10 people annually.

There were eight clusters involving 146 baccalaureate programs that averaged less than 2.0 graduates per program during 1981-82.

Recommendations: Although it would be inappropriate for the Coordinating Board to make recommendations on the future status of specific programs solely on the basis of trends in graduate numbers, the Board suggests that each post-secondary system participate in an intersystem examination of clusters experiencing decline. This would allow an examination of factors such as geographic access, service relationship to other programs or institutions, cost, and possible unnecessary duplication with similar programs in regions of the state.

Based on the findings of the study of existing instructional programs, the Coordinating Board on January 19, 1984 adopted the following recommendations:

1. **That where there have been zero graduates from a specific program for the past five years, the appropriate governing body should consider the modification or elimination of that program.**[11]

Rationale: A program with zero graduates for five years may not remain viable. Potential students should be assured that major programs advertised by an institution offer sufficient coursework and peer contact to represent a viable educational experience.

Impact: There were 153 programs that had zero graduates for the five-year period, 1977-82.

2. **That where a cluster of programs has experienced a rapidly decreasing number of graduates the past five years, or low average numbers of graduates per program, governing bodies should examine the entire cluster of similar programs in order to share ideas across systems and institutions that will make possible coordinated activities related to the program. The Coordinating Board requests that the appropriate governing bodies submit a report to the Minnesota Higher Education Coordinating Board by November 1, 1984, specifying plans regarding low and declining program clusters. The plans might involve a rationale for continuing the programs, plans to modify the programs, negotiations with other institutions regarding consolidation or cooperation, or plans for discontinuation.**[12]

Specifically, the following conditions merit attention:

a. **A decrease of at least 25 percent in the number of graduates for the cluster the past five years.**

Rationale: Programs experiencing a sharp decrease in graduate numbers should not continue to require the resources they now receive. Sharp decreases may be due to lack of student interest and/or a declining occupational demand. Systems and institutions might serve students better by reallocating resources to new and expanding areas of study, or consolidating resources into fewer programs in order to maximize overall effectiveness. (The focus of the study was on program clusters with a decrease of at least 10 percent and which included at least four programs. In order to keep the project manageable, however, a higher threshold with respect to percent decline and minimum number of programs per cluster is applied in this recommendation.)

Impact: Using a 25 percent decrease over the past five years as one checkpoint, the number of program clusters affected would be:

Non-baccalaureate—two program clusters with at least five programs per cluster; this involves 16 programs.

Baccalaureate—four program clusters with at least 10 programs per cluster; this involves 94 programs.

Master's/Specialist—two program clusters with at least five programs per cluster; this involves 13 programs.

b. **On average, a small number of graduates per program within the cluster. For non-baccalaureate program clusters, the suggested criterion is fewer than 10.0 graduates; for baccalaureate program clusters, the suggested criterion is fewer than 2.0 graduates; for master's/specialist program clusters, the suggested criterion is fewer than 3.0 graduates per year.**

Rationale: Although very small programs may be able to maintain high quality, they may not be cost-effective. Small programs may not be able to provide the necessary learning experiences or attract students with sufficient interest to complete the program. Systems and institutions might consider offering fewer, high quality programs rather than attempting to offer a wide array of poorly subscribed programs. (The focus of the study was on program clusters that had an annual average of 10 or fewer graduates. In order to keep the project manageable, a more conservative criterion with respect to graduate numbers is applied in this recommendation for the baccalaureate and master's program clusters.)

Impact: Based on the average number of graduates:

Non-Baccalaureate—six program clusters involving 39 programs had an average of fewer than 10.0 graduates per program in 1981-82.

Baccalaureate—three program clusters involving 114 programs had an average of fewer than 2.0 graduates per program in 1981-82.

Master's/Specialist—three program clusters involving 20 programs had an average of fewer than 3.0 graduates per program in 1981-82.

3. Low Enrollment/Low Placement AVTI Programs

Introduction: The 1983 Legislature established in statute criteria for placement and student-teacher ratios that must be achieved by area vocational-technical institute programs. The State Board of Vocational Technical Education is required to eliminate programs, in the absence of compelling reasons to do otherwise, if they achieve a placement rate of less than 51 percent of program completers, or if they maintain a student-teacher ratio significantly below 12 to 1 for health programs and 17 to 1 for non-health programs.[13] Moreover, the 1983 legislation required that the State Board report to the legislature proposed program decisions for Fiscal Year 1985 and that the Coordinating Board review and comment on that report.[14]

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[11] The recommendations apply to the governing boards of Minnesota's public post-secondary education systems as well as to administrators of private institutions.

[12] The Minnesota Private College Council is to report on behalf of its member institutions.

The Issue: The issue is to ensure the efficient use of state resources in providing post-secondary educational programs.

Background: Stimulated by gubernatorial initiative to strengthen the decisionmaking role of state-level governing bodies, by proposals for change in the governance structure of all non-baccalaureate institutions, and by a report and recommendations of the Office of Legislative Auditor, the 1983 Minnesota Legislature adopted significant structural and policy changes affecting the state's post-secondary vocational education system. A new State Board of Vocational Technical Education was created and given broader managerial authority than its predecessor, the State Board for Vocational Education/State Board of Education. The legislation, for example, explicitly gave the new State Board the mandate to approve, disapprove, and coordinate post-secondary vocational education programs; and, after consultation with the affected school boards, the authority to add, eliminate, transfer, or change programs as it determines advisable.[15]

Particular interest in the efficiency and effectiveness of AVTI programs resulted from a study released by the Office of the Legislative Auditor in February 1983.[16] In view of the growth in AVTI enrollments and costs during the 1970s, the Program Evaluation Division of the Office of Legislative Auditor, responding to legislative interest, examined about 800 AVTI programs. Among the issues studied were student-teacher ratios, program duplication, completion rates, placement rates, and wages of AVTI graduates.

Programs with low enrollment and low placement were among the problem areas identified in the report. The study found that although the State Department of Education had a longstanding policy, established in rules, to require individual AVTI programs to operate with a minimum of 10 students per instructor, programs with low student-teacher ratios had been and continued to be a source of inefficiency in the system. Further, recommendations to terminate programs with less than 10 were not made until 1982. The report indicated that the system's rule on student-teacher ratios was too lenient for most non-health programs, and the 1980 legislative requirement that different ratios be considered for different types of occupational programs was not being followed. The auditor's report recommended that the State Board set higher minimum student-teacher ratios for non-health programs and that the State Department of Education and Board take the necessary steps to achieve a student-teacher ratio of at least 17:1 in non-health programs and 12:1 in health programs and that budgeting of funds be consistent with these criteria.

Having identified shortcomings in the system's placement of students in job-related positions, the report recommended that the State Board establish a clear and meaningful policy regarding the related placement rates that AVTI programs are expected to achieve.

The Minnesota Legislature in May 1983 enacted extensive legislation affecting the governance of AVTIs and included statutory criteria for placement and student-teacher ratios.

The State Board staff presented its findings concerning programs that failed to meet the established criteria in April 1984, and after the required hearing process, took final budget action on June 11, 1984.

The Coordinating Board on August 2, 1984 voted to accept a review and comment report for transmittal to the legislature.[17] The Coordinating Board paper contains a background section, a review of the State Board's effort, and a commentary on the State Board's findings and decisions.

Review: As part of the budget process for the 1984-85 school year, the State Board of Vocational Technical Education reviewed 748 programs that AVTIs offered during 1983-84. The State Board adopted a policy that 14:1 in non-health programs and 10:1 in health programs would be considered "significantly below" the statutory figures of 17:1 and 12:1.

The State Board found 89 programs that fell below one or both of the criteria specified in the legislation. The State Board suspended one third of the prgrams operating below threshold and reduced staff in another one-fifth. One-fourth of the programs were allowed to continue operation for at least one year, while the remaining one-fifth will be continued indefinitely.

Programs that were eliminated or reduced in faculty will result in a savings of $1,737,803, while the programs that were allowed to continue will cost $2,235,913 in Fiscal Year 1985.

Comment: On balance, it appears that the State Board made a serious effort to address the problems of these programs as it reduced staff or completely eliminated programs.

A wide range of creative actions is being used to revitalize the programs being monitored in Fiscal Year 1985. It is imperative, however, that the State Board take action leading to termination for the programs if the remedial action does not have the desired effect.

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[13] *Minn. Stat.* 124.5613, Subd. 1. (1983 Supplement).

[14] *Laws of Minnesota for 1983,* Chapter 314, Article 5, Section 14.

[15] *Minn. Stat.* 136C, Subd. 1. (1983 Supplement).

[16] *Post-Secondary Vocational Education at Minnesota Area Vocational Institutes,* Office of the Legislative Auditor, Program Evaluation Division, State of Minnesota (February 9, 1983).

[17] Minnesota Higher Education Coordinating Board. *Review and Comment on State Board of Vocational Technical Education Action on Low Placement Low Enrollment Programs* (July 26, 1984).

Of the programs maintained without modification because of service to special populations, all are operating at inefficient student-teacher ratios, and three also have experienced placement problems. While expenditure of extra dollars can be justified to assist target populations, it is difficult to justify maintaining a program that cannot result in job placements for better than one out of every two completers. Some action should be taken, at a minimum, to improve placement in the three programs in question, or their continuation should be seriously questioned.

The State Board has demonstrated a strong intention to scrutinize its programs for effectiveness and efficiency by developing a monitoring system that goes beyond the statutorily mandated criteria. Additional cost effectiveness measures, cost per Average Daily Membership and cost per completer, are a part of the system. Likewise, measures of student and employer satisfaction introduce a broader perspective on program quality than could be implied from the placement rate. Retention has been included by establishing criteria for minimum percentage of completers. Another dimension that might be included, however, is the number of graduates. The number of graduates over time provides a measure of program output that is not captured by an analysis based solely on student-teacher ratios and placement rates. The program graduate measure reflects student interest in a program as well as labor market demand for individuals prepared in that occupation.

The availability of this monitoring system has been useful as funding constraints have forced the governing board to make difficult decisions on the future of instructional programs. While the State Board has authority for instructional programs, teacher salaries are determined by the local school boards. If the governing board is forced to allocate more resources than anticipated to fund salary settlements, its options on the future status of instructional programs may be limited. In the future, excessive funding pressures caused by the split governance structure could undermine the value of this program monitoring system.

4. Nursing Education

Nursing education has been of interest to the Coordinating Board for the past 15 years. Since 1971, the Board has reviewed 15 new nursing programs and completed three major studies of nursing education.[18] During the past biennium, the Board prepared a progress report on the implementation of articulated nursing education in Minnesota and studied nursing education needs in northeastern Minnesota/northwestern Wisconsin.

a. Nursing Articulation

Introduction: An articulated—or coordinated—nursing education system is based on the conclusion that all nursing education programs share common components of nursing theory, skills, and practice. Acceptance of this conclusion requires nursing education programs from different education levels to coordinate elements of their curricula and transfer policies so that a graduate of one program can enroll in a higher level of nursing education program with advanced standing and not unnecessarily have to repeat course content.

Articulated nursing education benefits both nurses and the state. Nurses advancing educationally within their profession benefit by being able to go further with a given investment of time and money. The state benefits by a reduction in the duplication of program requirements. This saves post-secondary resources.

Background: In 1980 the heads of Minnesota's post-secondary education systems appointed a task force composed of nurse educators representing all types of post-secondary education in the state. Establishment of the task force was in response to several Coordinating Board recommendations in August 1980. The Board endorsed the concept of a coordinated system of nursing education programs, recommended that the post-secondary systems establish a task force to develop a plan, and recommended that additional funding for nursing education programs be contingent upon the development of a plan.

After receiving a report by the task force in spring 1981, the Minnesota Legislature requested that the task force continue planning and implementing a coordinated nursing education system. As part of the omnibus higher education appropriations act, the legislature asked the task force to provide the following: documentation of changes in curricula that existing nursing education programs will implement before January 1, 1983; documentation of changes in transfer policies and policies for advanced placement of licensed nurses that each institution will implement before January 1, 1983, and a set of specific alternatives for providing additional educational opportunities for licensed nurses in all areas of the state.[19]

The task force submitted its report in January 1982, and the Coordinating Board favorably reviewed the report at its January 1982 meeting.[20] The report, with the Coordinating Board's recommendations, was discussed by the Education Division of the House Appropriations Committee in February 1982.

In June 1983 the chairman of the Education Division of the House Appropriations Committee requested that the Coordinating Board review the status of the program changes proposed in the 1982 report. In December 1983 a progress report was completed.

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[18] See: Minnesota Higher Education Coordinating Board, *Planning for Nursing Education in Minnesota, Planning Report II* (February 1975); *Planning and Coordinating of Nursing Education in Minnesota* (March 1977); and *A Report on Nursing Education in Minnesota* (August 1980).

[19] *Laws of Minnesota for 1981*, Chapter 359, Section 3, Subdivision 14; Section 4, Subdivision 2; Section 5, Subdivision 2; and Section 7, Subdivision 1.

[20] Minnesota Higher Education Coordinating Board, *Review and Recommendations on the Articulation of Nursing Education in Minnesota* (January 1982).

Three groups of post-secondary institutions have joined to design and implement coordinated curricula and transfer policies.

The Agassiz Region Nursing Education Consortium, started in 1973, was the first group to develop nursing education curricula that were coordinated among levels and across institutions. Participating institutions are Bemidji, East Grand Forks and Thief River Falls AVTIs; Northland Community College; Bemidji State University; the University of Minnesota-Twin Cities and Crookston; and the University of North Dakota.

A similar development was undertaken by the Metro Area Nursing Education Consortium in 1977. Participating institutions are Anoka, 916, St. Paul and Dakota County AVTIs; Inver Hills and Lakewood Community Colleges, and Metropolitan State University.

Both consortia were recognized as demonstration projects. Each received federal funding to determine the feasibility of articulated nursing education programs. Both projects demonstrated that the concepts could be implemented and would benefit students and nurses wishing to advance educationally.

The Itasca Nursing Education Consortium was formed in 1981 by 10 post-secondary institutions in northeastern Minnesota to plan coordinated nursing education curricula that would be similar to those developed by the Agassiz and Metro consortia. Participating institutions are Duluth and Eveleth AVTIs; the five campuses in the Arrowhead Community College Region (Hibbing, Itasca, Mesabi, Rainy River, and Vermilion); Bemidji State University; University of Minnesota-Duluth; and the College of St. Scholastica.

Since the Itasca Consortium was formed, Bemidji State University has established a baccalaureate program limited to registered nurses (RNs), the College of St. Scholastica has implemented a master's program in nursing, Hibbing Community College has proposed an extension of its associate degree program in Duluth for LPNs, and Northland Community College is extending its associate degree program for LPNs in Bemidji.

Findings: At present, RNs with the equivalent of an associate degree are able to complete the requirements for a baccalaureate degree in two years at several institutions in Minnesota. All State University System nursing programs, the University of Minnesota nursing program, and three private colleges offer this option. In addition, licensed practical nurses (LPNs) can complete the requirements for an associate degree in one calendar year at seven of the ten community college nursing programs. Also, two hospital-based diploma programs have altered their curricula and transfer policies to give LPNs advanced standing, thus enabling them to complete the program in less than the three years required of other students.

These opportunities for nurses to advance educationally more easily than in the past are due to the cooperative efforts of nurse educators representing all types of nursing education programs and all Minnesota post-secondary systems.

Based on data for fall 1983, it appears that nurses have responded to the curricula and transfer policy changes by applying for and being accepted into nursing education programs. In total, the number of RNs enrolling in baccalaureate nursing education programs increased substantially between 1979 and 1983. The graduating class of 1979 included 99 RNs; this was 14 percent of the total graduating class that year. The fall 1983 entering class had at least 252 RNs. The RN participation rate (RNs as a percent of class) in the State University System baccalaureate nursing programs increased from 20 to 39 percent. The RN participation rate in the University of Minnesota increased from 18 to 30 percent. Institutions not adopting the task force recommendations experienced little or no change.

Overall, the proportion of LPNs enrolling in associate degree programs in the Community College System increased from 16 percent in 1979 to 27 percent in 1983.

While the new curricula and transfer policies represent a significant, positive change in the delivery of nursing education, it will be important to monitor and evaluate them. Representatives from all types of nursing education programs plan to meet twice a year for this purpose. While this group has no official standing, its members appear committed to continuing the pattern of cooperation and coordination in nursing education that has been demonstrated in the past few years.

b. Nursing Education in Northeastern Minnesota/Northwestern Wisconsin

Introduction: Several changes affecting health care, including a decision to close St. Luke's Hospital School of Nursing in Duluth, raised questions about the supply of nurses and the availability of nursing education programs in northeastern Minnesota and northwestern Wisconsin. In view of these concerns, the Higher Education Coordinating Board in 1984 decided to examine the need for and supply of nurses as well as the adequacy of student access to nursing programs in a 15-county area known as Health Systems Agency of Western Lake Superior (HSA2).[21]

The eight Minnesota and two Wisconsin post-secondary institutions providing nursing programs in the area were asked to participate in the study, as were 128 health care providers. Questionnaires used to collect information were developed by Board staff and reviewed by the Board's Special Advisory Committee on Nursing Education. This committee included nursing educators, postsecondary officials, and major health care employers in the area. The Board paper examined demographic trends in the area, the flow of graduates from nursing education programs to major employers, and alternatives for nursing education in the future.

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[21] The Health Systems Agency (HSA2) of Western Lake Superior is one of a regional and national network of health service areas. It serves a 15 county area in northeastern Minnesota and northwestern Wisconsin. Minnesota counties are Koochiching, Itasca, Aitkin, St. Louis, Carlton, Lake, and Cook. Wisconsin counties are Douglas, Bayfield, Ashland, Iron, Burnett, Washburn, Sawyer, and Price.

The Issues: The Board addressed three issues:

How many nursing program graduates are expected annually in the future?

What is the projected need for nurses in the area?

What nursing program choices do area residents have?

Background: Within the area included in the study, nine educational institutions provide 11 nursing education programs. They are as follows:

Licensed Practical Nurse Programs (LPN)

Wisconsin Indianhead Technical Institute (WITI), Ashland, New Richmond, Rice Lake, and Superior

Duluth AVTI

Eveleth AVTI

Itasca Community College

Rainy River Community College

Two-Year Associate Degree Registered Nurse (RN) Programs

Hibbing Community College

Wisconsin Indianhead Technical Institute

Three-Year Diploma RN Program

St. Luke's Hospital, Duluth (last graduating class in 1986)

Baccalaureate Degree Programs

College of St. Scholastica, Duluth (four-year generic and two-year program for non-baccalaureate RNs)

University of Wisconsin Superior (two-year program for non-baccalaureate RNs)

Master of Arts

College of St. Scholastica

Although Bemidji State University is not located within HSA2, it was included in the review because its two-year upper division nursing program is offered off-campus to nurses in HSA2, primarily at Hibbing Community College.

Nursing programs that enroll recent high school graduates in full-time programs that require one, two, three, or four years to complete are referred to as generic programs. During the past 15 years, institutions have developed nursing curricula designed for LPNs and nonbaccalaureate RNs interested in completing associate and baccalaureate nursing degrees. Programs that provide a curriculum that allows nurses to progress through the various levels without undue repetition are referred to as "articulated."

Findings: Following are highlights from the study:

1. Regarding the need for nurses:

The number of employed nurses in health care facilities increased steadily until 1980, has not increased since 1980, and is expected to decrease the next two years.

The number of new nurses hired annually has decreased since 1981.

2. Regarding the supply of nurses:

The number of graduates of licensed practical nursing programs has decreased annually since 1980 and is projected to continue to decrease.

The number of graduates of first licensure (generic) non-baccalaureate registered nursing programs has remained stable the past five years, but will decrease by two-thirds in 1986.

The number of licensed practical nurses completing articulated non-baccalaureate registered nursing programs went from zero in 1980-81 to 40 in 1983-84, and is projected to be 50 annually in 1988-89.

The number of graduates from the area's one generic baccalaureate nursing program has been stable the past five years. The projected capacity for the program in 1988-89 is 40 percent higher than the average number of graduates the past five years.

The number of registered nurses graduating from articulated baccalaureate nursing programs increased from one in 1982-83 to 35 in 1983-84. The projected 1988-89 annual capacity for graduates is 85.

The 1988-89 projected annual capacity of baccalaureate degree nursing programs exceeds the number of baccalaureate nurses hired annually by hospitals and long-term facilities the past four years.

3. Regarding program choice for area residents:

Programs are available for students wanting to become practical nurses as well as associate and baccalaureate degree registered nurses.

Five collegiate institutions have nursing programs that allow LPN and non-baccalaureate RNs the opportunity to achieve associate and baccalaureate degree status with minimal repetition of coursework.[22]

The paper concludes that residents of the 15-county area are well served by the educational institutions and programs that are available for students seeking to become nurses. A shortage of nurses does not seem likely. Indeed, a surplus of nursing personnel could develop at the LPN and baccalaureate RN levels. Recently implemented nursing education programs should more than replace the loss of graduates from St. Luke's Hospital School of Nursing.

Residents of HSA2 do not have a publicly supported first preparatory baccalaureate RN program available within the area. This limits student choice and increases the direct instructional costs charged to students. While some interest has been expressed in having a generic four-year program available through a public institution, three factors must be considered. First, four-year generic RN programs are available through institutions in Minnesota and Wisconsin, and students who enroll in generic programs are considered mobile. Second, the student cost factor is moderated through federal, state, and institutional financial aid programs. Third, duplication of existing similar programs is not warranted given available information regarding supply and demand.

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[22] Minnesota Higher Education Coordinating Board, *Nursing Education in Northeastern Minnesota Northwestern Wisconsin* (October 1984).

Recommendations: The Board in November 1984 recommended that:

1. **Educational institutions continue the cooperative efforts needed to facilitate completion of articulated associate degree and baccalaureate degree nursing programs without undue repetition of coursework.**
2. **The Coordinating Board, in reviewing existing programs and considering new program proposals:**
   - a. **accept no proposals that would increase the capacity for preparing licensed practical nurses (LPNs) in northeastern Minnesota and encourage a reduction in capacity in order to avoid potential excess production.**
   - b. **accept proposals that would extend the opportunity for LPNs to enter associate degree registered nursing programs, but not accept proposals that would create or expand generic associate degree programs.**
   - c. **accept no proposals at this time for creation of new generic or articulated baccalaureate programs and encourage the existing generic program not to expand current capacity.**
3. **The Coordinating Board encourage Wisconsin to accept the same posture as stated in #2 for reviewing existing programs and accepting new programs in northwestern Wisconsin.**
4. **The University of Minnesota assure that high achieving pre-nursing students at the Duluth campus have an equal opportunity with Twin Cities campus students to matriculate into the Twin Cities campus Nursing School.**

5. Need for Engineering Support Programs

Introduction: In 1983 Governor Rudy Perpich, as part of his economic recovery plan, proposed several education initiatives to support existing high technology companies in Minnesota and to encourage other high technology firms to consider Minnesota when making relocation and expansion decisions. The 1983 Legislature appropriated more than $17 million to the public post-secondary systems for these high technology initiatives, which included expansion of engineering programs. The 1983 initiatives provided for the development of baccalaureate level engineering programs at Mankato State University, St. Cloud State University, and the University of Minnesota-Duluth. Funding also was provided to cover the enrollment expansion that had occurred at the University of Minnesota-Twin Cities. The 1984 Legislature expanded its support for technology development through both general fund appropriations and bonding.

In a separate, related action, the 1983 Legislature appropriated $15,000 to the Coordinating Board for a study of the need for engineering support programs in two-year institutions.[23] The study was scheduled for presentation to the House Appropriations and Senate Finance Committees by December 1, 1984.

Issue: The increase in capacity of engineering programs in Minnesota is intended to supply engineers to fill the needs of existing employers and to attract new employers. Expansion of business activity by engineering and technology firms could increase the demand for engineering support personnel as well. The issue is whether existing educational programs can provide the quantity and quality of technically sophisticated personnel that will be required.

Background: Minnesota post-secondary institutions now have the capacity to graduate about 1,200 engineers per year. From 1978 through 1982, an average of 689 engineers graduated per year from the University of Minnesota-Twin Cities. Not all engineering fields have grown at the same rate. Electrical and electronics engineering have grown faster than the other engineering fields.

Every post-secondary system provides some part of the engineering and engineering support programming available in Minnesota. In addition to the engineering and pre-engineering programs, there are 53 technical programs in nine program areas at the non-baccalaureate level and 22 programs in 5 program areas at the baccalaureate level. Minnesota post-secondary institutions also provide 38 drafting and 18 computer related programs at the non-baccalaureate level. Over the past five years, Minnesota post-secondary institutions have graduated, on average, 2,973 students per year prepared in these programs, an average of 4.3 per engineering graduate.

An expansion of engineering graduates could increase the demand for engineering support graduates. When the output of 1,200 engineering graduates per year is fulfilled, a continuing of the current average output of 2,973 technical graduates per year would lower the ratio of technical graduates per engineering graduates from 4.3 to 2.5. This possible drop could be signaling a need for a major expansion of the technical programs in Minnesota post-secondary education.

An expansion of engineering graduates could, however, decrease the demand for engineering support graduates, especially those who have been hired for or promoted into engineering positions.

Status: To implement the mandate, Board staff in early 1984 began a study of engineering support programs with completion of a staff report and recommendations for Board consideration scheduled for fall 1984.

C. TRANSFER OF CREDIT

Introduction: Transfer of credit is important to students, post-secondary institutions and faculty and the public. Students usually want to complete their educational program as quickly as possible. Institutions and their faculty want to assure that each degree they confer reflects a high quality educational experience. Because of its investment in post-secondary education, the public wants assurance that its resources are expended efficiently. Repetition of identical courses wastes financial resources and unnecessarily burdens students. Although post-secondary systems, institutions, faculty and students want transfer to occur as smoothly as possible, problems occasionally develop when credits earned at one institution are not recognized by another or not accepted toward a degreee.

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[23] *Laws of Minnesota for 1983,* Chapter 258, Section 3, Subd. 2.

Issue: The issue is how to improve transfer of credit policies and procedures and to alleviate problems encountered by students seeking to move from one post-secondary institution to another.

Background: In response to recurring problems, the Higher Education Coordinating Board and post-secondary systems have addressed the transfer issue several times during the past 15 years, and the Minnesota Legislature has passed several laws to improve the situation.[24] The 1977 Minnesota Legislature added to the Board's statutory responsibilities by requiring it to continuously study and monitor credit transferability and policies.[25] Most recently, the 1983 Legislature directed the Board, in consultation with the state's public post-secondary governing boards, to examine the issue and to make recommendations to facilitate credit transfer between institutions and systems.[26]

The 1983 legislation was in response to recommendations adopted by the Coordinating Board in December 1982.[27] The Board recommended that the public post-secondary systems be requested to join in an analysis of the extent to which the problem of credit transfer exists and in a review of the catalogs to reach agreement on guidelines for catalogs that would provide dependable institutional and program requirements in a clear manner for students.

The 1983 legislation requiring the transfer study also included two other sections.[28] One part states that a student shall be entitled to complete a program according to the requirements in effect at the time he or she began the program for 12 months beyond the time usually required to complete the program. The second part directed the Coordinating Board to conduct a study of the extent of problems concerning the clarity and frequency of change of institutional and program requirements.

In the 1984 study, Coordinating Board staff examined current transfer practices, policies, and problems.[29] Because community college students transfer more often than students from other systems, the study examined the acceptability of the Associate in Arts degree by four-year institutions in fulfilling their general education requirements.

All Minnesota post-secondary institutions were requested to participate in the study. The questionnaire used to collect information was developed by Coordinating Board staff and reviewed by the Board's Special Advisory Committee for Credit Transfer, a group representing the state's public and private post-secondary systems. The staff paper includes information submitted by 76 public and 34 private institutions and colleges within institutions. Consultation on the study and recommendations also occurred between Coordinating Board staff and the Higher Education Advisory Council.

Findings: Following are highlights from the study:

In academic year 1981-82, 27,397 undergraduates transferred to Minnesota institutions. This represented 12.6 percent of the 217,788 students enrolled that fall.

43 percent of the 7,684 transfer students accepted by Minnesota four-year public institutions in 1981-82 transferred from the state's community colleges; five percent transferred from AVTIs.

Minnesota's state universities each had transfers from 13 to 18 of the community colleges in 1981-82. Most of the transfers to any one state university, however, came from a small number of two-year schools.

The Associate in Arts degree, granted by the state's 18 community colleges, satisfies the general education requirements of the state universities and the University of Minnesota, Duluth, for a baccalaureate degree, provided the associate degree meets the institution's distribution requirements for general education.

Post-secondary work completed at AVTIs and private vocational schools may be awarded credit in lieu of electives by 18 community colleges, six state universities and five colleges within the University of Minnesota.

Systemwide transfer policies are rare; most policies are developed and implemented by each campus or college within a system.

All institutions have an appeals process for handling transfer problems.

The study concluded that transfer policies and practices are not uniform within or across systems, with the greatest variation among colleges and programs at the University of Minnesota.

Most transfer problems involve vocational coursework and coursework from institutions not accredited by regional accrediting bodies. Acceptance of the Associate in Arts degree as fulfilling general education requirements of a four-year institution and acceptance of technical courses as part of the major or upper division requirements for a bachelor's degree are two other transfer issues.

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[24] See: Minnesota Statewide Transfer Study Committee, *Transfer Policies in Minnesota Post-Secondary Schools; Report to the Minnesota Higher Education Coordinating Commission* (1974); Minnesota Higher Education Coordinating Board, *Making the Transition, Report to the 1975 Minnesota Legislature* (January 1975), pp. 21-29; Minnesota Higher Education Coordinating Board, *Report to the 1977 Minnesota Legislature* (1977), pp. 51-53; Minnesota Higher Education Coordinating Board, *Report to the Governor and 1981 Minnesota Legislature* (1981), p. 47.

[25] *Minn. Stat. (1984)*, 136A.04, Subdivision 1 (h).

[26] *Minn. Stat.* 136A.042 (1983 Supplement).

[27] Minnesota Higher Education Coordinating Board, Minutes of December 2, 1982 meeting, p. 6.

[28] *Laws of Minnesota for 1983*, Chapter 166, Sections 2 and 3.

[29] Minnesota Higher Education Coordinating Board, *Credit Transfer: A Review of Policies, Practices and Problems with Coordinating Board Recommendations* (June 1984).

Despite some recurring problems, progress has been made during the past five years to ease the transfer process for students. Transfer guides that specify course equivalencies have been developed between most of the state universities and community colleges. Parallel activity between private and public vocational schools and some colleges has occurred to a limited extent. The State University Board is developing systemwide policies regarding community college Associate in Arts degrees and conversion of vocational study to credit. Recently, state university and community college personnel have been considering policy recommendations to improve further the transfer situation.

Recommendations: Based on the study, the Coordinating Board on June 21, 1984, recommended THAT:

The Community College System continue to (a) work toward a systemwide standard of distributed general education requirements for the Associate in Arts degree; and (b) work with baccalaureate degree granting public systems and private institutions to insure that the Associate in Arts Degree will fulfill the entire general education requirement for the baccalaureate degree when the intent of the degree program is that the general education component be completed in the first two years of study.

Rationale: Thousands of Minnesota community college students transfer annually to four-year institutions. Because the general education requirement of most baccalaureate degrees is similar to that required for an Associate in Arts degree from Minnesota community colleges, students who complete an Associate in Arts should receive blanket credit toward a baccalaureate degree with the assurance they have completed the general education requirements of the four-year institution. The State Board for Community Colleges is expected to establish a systemwide standard of distributed general education credits for the Associate in Arts degree that will satisfy the requirements of the baccalaureate degrees granted by the state universities.

Community college graduates transferring to other Minnesota institutions should have the same assurance, except in rare situations. Most baccalaureate degrees require 60 quarter credit hours of general education. In these cases the students' associate degree should be accepted as meeting the general education requirements. Some baccalaureate degrees that focus on providing a broad liberal arts education, however, require up to 90 credit hours of general education. In those instances, students are not expected, or able, to complete the general education requirements within the first two years of college. With the exception of these rare instances, however, all Minnesota four-year colleges should work toward the same arrangement that is to be implemented by the state's community colleges and state universities.

The State Board of Vocational Technical Education work with public collegiate systems and private institutions to establish standards for accepting vocational study in meeting the requirements of associate and baccalaureate degree programs.

Rationale: Increasing numbers of area vocational-technical institute and private vocational school students are enrolling in two- and four-year colleges and universities. Many are pursuing associate or baccalaureate degrees. These students often request that their previous study apply toward a degree. There are no systemwide policies for evaluating previous vocational study, although most public and some private collegiate institutions have addressed this issue. It would help students to have a standard procedure for determining how previous study will apply toward a degree.

The development of course equivalency guides between institutions with a high frequency of transfer be encouraged.

Rationale: During the past five years several lower division institutions have worked with four-year institutions to develop course equivalency guides for students and counselors. These guides reduce the ambiguity caused by the various numbers and descriptions assigned to courses. Some four-year institutions have developed a document that lists every course offered by Minnesota's community colleges and that institution's equivalent course. Although it might not be feasible for every four-year institution to do this with every two-year institution, it does seem advisable for institutions that have a high transfer incidence.

The Coordinating Board, in cooperation with the post-secondary systems, study the feasibility of a common numbering convention for remedial, lower division, upper division and graduate level coursework.

Rationale: Many courses offered by one post-secondary institution have a corollary at other institutions. Transfer of courses often involves discussion of whether the course is lower division rather than upper division undergraduate work, or if it is remedial. A common numbering convention would not require that all equivalent courses have the same identification number. It would mean, for example, that all remedial education courses might have "0" for the first digit, all lower division courses have "1" for the first digit, etc. This numbering convention would clarify the course level and expedite transfer. Each institution could implement this convention when it reprints its catalog.

Each member of the Higher Education Advisory Council and the Coordinating Board's Student Advisory Committee designate a person to serve on an 18-month pilot advisory committee, staffed by the Coordinating Board, to assist students who are still experiencing difficulty with intersystem transfer of credit after exhausting existing appeal procedures. After 18 months the value of the advisory committee process shall be assessed.

Rationale: All institutions have an appeals process for students dissatisfied with credit transfer. At times, however, this process does not resolve the situation to the student's satisfaction. Creation of a pilot cooperative effort would serve several purposes. Though its recommendations would be only advisory, it would provide an objective forum for the student who believes he or she has been wronged. It would provide a test of whether such a committee could help resolve student transfer problems. And it would allow the Coordinating Board and the systems to better ascertain the nature of transfer problems. Upon receiving a complaint, the Coordinating Board staff would research the incident. If the situation remained unresolved, the committee would be convened to review the incident and recommend a solution.

The Coordinating Board produce an update of the 1979 publication *Will You Transfer?,* including a list of contact offices responsible for credit transfer in each Minnesota public post-secondary institution and the Coordinating Board's transfer advisory committee.

Rationale: The 1979 edition of this document was distributed to all post-secondary institutions for students and counselors. The brochure provided a general description of the transfer process in Minnesota institutions and provided a contact at each of Minnesota's public post-secondary institutions and private systems. An updated version was published in fall 1984.

D. MINNESOTA INTERLIBRARY TELECOMMUNICATIONS EXCHANGE (MINITEX)

Objective: To provide students, faculty, researchers, and other residents of Minnesota with maximum access to library resources through statewide and interstate cooperation among more than 162 participating libraries.

Statutory Authority: *Minnesota Laws 1983,* Chapter 258, Section 3. Subd. 7.

Background: Since 1969 the library community in Minnesota has demonstrated that it can work together effectively and that sharing resources and joint planning are not only possible but mutually beneficial.

MINITEX was started in 1969 as a two-year pilot project funded jointly by the Louis W. and Maud Hill Family Foundation, now The Northwest Area Foundation, and federal Library Services and Construction Act (LSCA—Title III) monies for the Office of Public Libraries and Interlibrary Cooperation (OPLIC)—now the Office of Library Development and Services). Continuing responsibility for MINITEX was assigned to the Coordinating Board in 1971.

The appropriation for MINITEX to the Coordinating Board supports the participation of post-secondary and state agency libraries in the program as well as general management and planning costs. One hundred twenty-two Minnesota higher education and state agency libraries participate in the MINITEX program, supported by state appropriations. Participation of public community and regional libraries is supported by contract with the State Department of Education, Office of Library Development & Services (LDS). The participation and cooperation of libraries in Wisconsin, North Dakota, and South Dakota have been arranged through reciprocal and contractual agreements.

Using the MINITEX program as a vehicle, the Bush Foundation in 1976 provided a grant of $216,000 to the Coordinating Board. The grant provided the opportunity for 30 libraries in Minnesota and North Dakota to acquire on-line bibliographic and cataloging capabilities through the services of a national bibliographic processor, the Ohio College Library Center, now the OCLC, Inc. In June 1977 a supplemental Bush Foundation grant of $135,000 supported the participation of additional libraries in Minnesota, North Dakota, and South Dakota. In combination with Kellogg Foundation grants to private colleges, these funds have made it feasible for more than 50 libraries in all three states to develop on-line bibliographic capability cooperatively. During the past decade, MINITEX has brought into the program approximately $2,662,000 through grants and contracts.

MINITEX consists of five major activities: (1) document delivery, (2) periodical exchange, (3) creation and maintenance of a union list of serials holdings of the participating libraries, (4) development of a common on-line data base of participants' books and nonprint holdings through participation in a national on-line shared cataloging, and (5) reference services to participating libraries.

The Coordinating Board contracts with the University of Minnesota for MINITEX services. The University manages day-to-day operation of the program and services at the MINITEX office in Wilson Library. Coordinating Board staff determine the policy direction of the program, set the goals and objectives, define the services, develop budget requests, contract for major services, and represent MINITEX to the legislature and public. An advisory committee assists the Board.

Table III.2 identifies activity supported by direct state appropriations in all major program areas from 1982-83 to 1986-87 (projected). Table III.3 shows total program activities.

The decline in documents delivered and periodical exchanges in 1983-84 is related directly to the expansion of titles and holding locations in the Minnesota Union List of Serials (MULS) and OCLC data bases, which enhance increased resource sharing directly between MINITEX participants without the need to go through the central MINITEX office. This is regarded as a step forward because the increased local resource sharing has been a program objective, and such sharing improves prompt and effective access to the needed materials, particularly in areas that have several higher education institutions located nearby. This development also is related to the expansion and effectiveness of the MINITEX reference program, which helps participant libraries meet their document-access needs through other participants in their area.

During the biennium, MINITEX has been operating in a rapidly changing environment. Libraries in Minnesota, as well as those in North Dakota and South Dakota, have been discussing new technologies for automating card catalogs, circulation services, and acquisition systems. More than 20 libraries have joined to explore a common approach to automation, and MINITEX has assisted their efforts by providing administrative and technical support. Recently, the Co-

TABLE III.2.
ACTUAL AND PROJECTED MINITEX ACTIVITY SUPPORTED BY STATE APPROPRIATIONS
FISCAL YEARS 1983-1987

Fiscal Year Academic Year	Actual FY 1983 1982-83	Actual FY 1984 1983-84	Estimated FY 1985 1984-85	Estimated FY 1986 1985-86	Estimated FY 1987 1986-87
No. of libraries	122	122	122	122	122
No. of document deliveries	112,959	110,150	110,000	110,000	110,000
No. of periodical deliveries	27,314	21,851	25,000	25,000	24,000
No. of reference requests	1,468	1,137	1,250	1,375	1,500
No. of OCLC libraries	74	73	75	75	75
No. of online holding records (in millions)	3.5	4.0	4.5	5.0	5.5
No. of workshops	45	20	30	30	30

SOURCE: Minnesota Higher Education Coordinating Board

TABLE III.3.
ACTUAL AND PROJECTED ACTIVITY SUPPORTED BY MINITEX APPROPRIATIONS AND CONTRACTS
FISCAL YEARS 1983-87[1]

Fiscal Year Academic Year	Actual FY 1983 1982-83	Actual FY 1984 1983-84	Estimated FY 1985 1984-85	Estimated FY 1986 1985-86	Estimated FY 1987 1986-87
No. of libraries	162	162	162	162	162
No. of document deliveries	176,197	166,820	171,000	175,000	178,000
No. of periodical deliveries	27,314	21,851	25,000	25,000	24,000
No. of reference requests	5,040	4,180	4,389	4,828	5,310
No. of OCLC libraries	127	132	159	165	170
No. of online holding records (in millions)	6.0	6.8	8.5	9.5	10.5
No. of workshops	45	20	30	30	30

[1] Includes contracts with OPLIC, North Dakota and South Dakota.

SOURCE: Minnesota Higher Education Coordinating Board

ordinating Board staff have been working with the Minnesota Department of Education's Office of Library Development and Services and the state librarians of North Dakota and South Dakota to determine how the three states can best help their libraries move from traditional to automated online processes and services.

Library automation is an important issue because it affects the day-to-day workings of a library, involves a large initial investment, and has the potential to link the holdings of several libraries. Many automated systems will allow one library to request an item from another by terminal; but the actual delivery of the item between libraries may require more traditional methods.

The introduction of automation raises two key issues for MINITEX. First, when different libraries and groups of libraries choose different computerized systems, how can the state assure that library resources will continue to be easily accessible for libraries around the state and region? Second, how can MINITEX encourage resource sharing in this new environment?

Regarding the first issue, MINITEX and LDS jointly have sponsored a task force to review and update guidelines for library automated online systems. One outcome of the task force is to include guidelines that will assure both common standards for bibliographic records and the potential for dial-up access to the automated system of one library from another.

Secondly, MINITEX has undertaken a pilot test to see if it can aid direct resource sharing between libraries sharing a common automated system. In addition, MINITEX will play a key role in resource sharing between libraries with different automated systems and in assuring resource sharing between automated and non-automated libraries.

Status: Within the coming biennium, MINITEX participants will generate approximately 175,000 document requests and 5,000 reference questions annually. MULS includes more than 125,000 individual titles of different periodicals held in almost 400 libraries in Minnesota, North Dakota, South Dakota, Wisconsin, and Iowa. More than 150 libraries have added to the OCLC data-base over four million records identifying their holdings. Approximately a half million records are expected to be added in Fiscal Year 1985.

These bibliographic data bases greatly aid in resource sharing and help individual libraries in their collection development. They also have assisted individual libraries to stabilize or reduce processing costs. The program provides items to residents of Minnesota at one of the lowest cost per borrowed unit in the country—$3.34 in 1983-84. Both MULS and OCLC must be maintained and updated if the network is to continue at a high level of efficiency and effectiveness.

The low operating cost, overall efficiency, and extent of services, resources and participation have provided Minnesota with one of the most effective interlibrary networks in the nation; it is cited frequently as a model for statewide and national development. Since its inception, requests made on the MINITEX system have more than doubled, the number of participating libraries has nearly tripled, and the efficiency of the system has increased by virtually every reasonable measure. MINITEX is supported widely because it works by improving service to library patrons and by encouraging participating libraries to benefit from cooperation and coordinated development.

The 1983 Legislature appropriated $630,100 for Fiscal Year 1984 and $659,500 for Fiscal Year 1985. Additional funding of $11,286 in Fiscal Year 1984 and $27,396 in Fiscal Year 1985 was added to the appropriations by the Department of Finance to make "comparable worth" adjustments for MINITEX employees.

Additional details on the background and status of the program can be found in a status report prepared for the Board during the biennium.[30]

Recommendation: The Board recommends that the 1985 Legislature appropriate $1,046,700 for Fiscal Year 1986 and $891,100 for Fiscal Year 1987. For Fiscal Year 1986 this represents $724,700 which is the same level plus inflation and an additional $322,000 for the following new items:

$200,000 for a new, automated computer-based system for MULS.

$33,000 for automating MINITEX at the University of Minnesota.

$89,000 to include 52 health science libraries in MINITEX.

For Fiscal Year 1987 the request represents $764,500 which is the same level plus inflation and $126,600 for the following:

$34,000 for the computer initiative at the University of Minnesota.

$92,600 for inclusion of the health science libraries.

Rationale: The budget request includes a 5.5 percent annual inflationary increase for supplies and equipment for Fiscal Year 1986 and Fiscal Year 1987, and at this stage, the same percentage increase for inflation adjustments for salaries as allowed by the Department of Finance. The final budget request will show the estimated salary increase as requested by the University of Minnesota Board of Regents for its employees. Under the HECB-MINITEX contract with the University, MINITEX staff are University staff and must receive the same salary and wage increases as other University staff.

Two of the request items would enable MINITEX to provide leadership and expertise in the technology and automation of libraries.

MULS is a data base containing over 125,000 titles representing periodical holdings of 386 academic, public, governmental and other libraries in Minnesota and the five-state region. This is a manual effort. A new, automated computer system is necessary and will require a one-time apropriation to purchase and implement the system.

A computer technology initiative within MINITEX at the University of Minnesota will enable the program to better meet the demands and needs of users and clients as local library services are automated.

Expansion of the network to include health science libraries is desirable because these libraries are in hospitals that are related to state higher education programs or provide significant services to state residents.

The recommendation assures that the participation in the network by public community and regional libraries and libraries in neighboring states will continue to be financed by contracts and reciprocal agreements.

E. AVTI/COMMUNITY COLLEGE COOPERATION

Introduction: Cooperation among the sectors, systems and institutions of post-secondary education is essential to enhancing their efficiency and quality. Cooperation is a useful approach in responding to declining enrollments, limited resources, and changing program needs. The greatest expectations for accomplishing it thus far have rested upon the Community College System and the Vocational-Technical Education System because of similarities in their missions and the proximity of many of their institutions.

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[30] Minnesota Higher Education Coordinating Board, *MINITEX Status Report* (December 1984).

Issue: The issue is to attain effective use of resources by encouraging cooperation between AVTIs and community colleges.

Background: The 1983 Legislature, as part of its higher education initiatives, established a new structure to strengthen the governance of the state's area vocational-technical institutes. In creating the new board, the legislature recognized that opportunities for greater efficiencies require actions that extend beyond any one system. Therefore, the legislature mandated the development of plans for cooperation by 13 pairs of AVTIs and community colleges located in the same or nearby communities.[31] It also required the Higher Education Coordinating Board to review and comment on the plans. The core of the legislative mandate is as follows:

> *Each plan shall propose a strategy for sharing facilities, personnel, and resources. These strategies may include campus reorganizations, discontinuation of programs, changes in governance, and other such methods. Each plan shall identify estimated savings and the manner in which savings will be achieved.*

In the past, public post-secondary institutions have cooperated in a variety of ways, mostly at the local level. Several collegiate institutions, particularly community colleges, have established joint instructional programs with AVTIs. Some community colleges and AVTIs have arranged for joint participation by students in athletic programs. Some nearby institutions have shared the use of facilities. The extent of cooperation has depended on the willingness of officials at the local institutions to encourage it and to remove administrative barriers. At best, this willingness has been limited. At some locations, it has been virtually absent.

Some initiatives for inter-institutional cooperation have occurred at the system level. In recent years, the State Board for Community Colleges has consolidated the administrations of two clusters of institutions in northeastern and northwestern Minnesota.[32] Clusters of AVTIs in the southeastern and southwestern parts of Minnesota have begun to form consortia with the encouragement of their state board. These efforts by the community colleges and AVTIs, however, are limited to intrasystem arrangements. Except for approving locally initiated arrangements, system offices prior to 1983 had undertaken no concerted effort to promote inter-system cooperation.

The legislative mandate to the AVTIs and community colleges recognized that the success of cooperation depends upon leadership from system offices. In January 1982, the Coordinating Board identified lack of support by system offices as an impediment to cooperation by public post-secondary institutions.[33] Administrators of public post-secondary institutions who responded to a Board questionnaire indicated that cooperative efforts between institutions often were thwarted at the system level. Sometimes system officials directly opposed local cooperation; other times they dampened local interest by observing that state rules, regulations, and special funding formulas would financially penalize institutions that engaged in cooperative efforts. This strongly suggested that for cooperation to succeed, leadership at the system level would have to create a favorable climate and provide material inducements.

The Coordinating Board has advocated cooperation among post-secondary institutions and recommended actions to accomplish it. In October 1980 and February 1981, for example, the Board recommended greater cooperation between AVTIs and collegiate institutions in the development of associate degree programs.[34] The Board's recommendations on the governance and structure of the AVTIs and community colleges in January 1981 reflected the view that improvements in educational services were possible through greater cooperation.[35] In January 1982, the Board recommended that the governing boards of the post-secondary education systems develop policies for cooperation and help identify areas where cooperation would be feasible and desirable.[36] In this legislatively mandated study, the Board analyzed the incentives for and impediments to cooperation between post-secondary institutions with specific reference to cooperation between AVTIs and collegiate institutions. Amid the state's fiscal crisis and the prospects of declining post-secondary enrollments in January 1983, the Board called for greater cooperation as a means of maintaining the quality of education while making efficient use of resources.[37]

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[31] *Laws of Minnesota for 1983,* Chapter 258, Section 64. The institutions affected by the mandate are as follows: Northland Community College-Thief River Falls AVTI, Willmar AVTI-Willmar Community College, Hibbing AVTI-Hibbing Community College, Eveleth AVTI-Mesabi Community College, Brainerd AVTI-Brainerd Community College, Austin AVTI-Austin Community College, Rochester AVTI-Rochester Community College, Lakewood Community College-916 AVTI, Dakota County AVTI-Inver Hills Community College, Normandale Community College-South Hennepin Technical Center, Minneapolis AVTI-Minneapolis Community College, North Hennepin Community College-North Hennepin Technical Center, and Anoka AVTI-Anoka Ramsey Community College.

[32] Hibbing, Itasca, Mesabi, Rainy River, and Vermilion Community Colleges in northeastern Minnesota comprise the Arrowhead Community College Region. Brainerd, Fergus Falls, and Northland Community Colleges in northwestern Minnesota comprise the Clearwater Community College Region.

[33] Minnesota Higher Education Coordinating Board, *Factors that Affect Cooperation Between Minnesota Post-Secondary Institutions, A Policy Paper* (January 19, 1982).

[34] Minnesota Higher Education Coordinating Board, *Associate Degrees in Minnesota Post-Secondary Institutions with Coordinating Board Recommendations, A Policy Paper* (October 1980). See also, *Associate Degrees in Minnesota Area Vocational-Technical Institutes with Coordinating Board Recommendations* (February 1981).

[35] Minnesota Higher Education Coordinating Board, *Recommendations on the Future of Community College System and Area Vocational-Technical Institutes, A Policy Paper* (January 27, 1981).

[36] Minnesota Higher Education Coordinating Board, *Factors that Affect Cooperation.* The study identified several factors that affect cooperation, including program compatibility, geographic distance, limited resources, structural differences between post-secondary systems, attitudes, and outside demands. In addition, the study identified several specific areas in which the state can take action to encourage inter-institutional cooperation.

Coordinating Board Review and Comment: In its review of plans for cooperation the Coordinating Board compared materials presented in the campus plans to the directions in the legislative mandate. In its comment the Board analyzed the report and offered several conclusions.[38]

Review: In responding to this mandate, an interim report by the Community College System and the Vocational-Technical Education System presents a unified summary of all 13 plans rather than a review of each plan.[39] The report devotes relatively little attention to campus reorganizations, discontinuation of programs, and changes in governance. Cooperative activities in the areas of institutional administration, student services, and instruction receive much more attention.

The report contains other material not specified in the legislative mandate. One section outlines the process leading to preparation of the report while another presents the results of a survey showing that much cooperation already is occurring. The report notes several real and perceived obstacles to cooperation between AVTIs and community colleges, including differences in funding, potential cost inequities, program scheduling, tuition, governance, and student aid. A series of recommendations to the legislature, system offices and the institutions are provided to overcome these obstacles.

Comment: The interim nature of the report, acknowledged in its title, is understandable in view of recent changes in the Community College System and Vocational-Technical Education System—the creation of a new board of Vocational Technical Education and the selection of new system leaders in the summer of 1983.

The significance of the report rests in commitment to cooperation and planning displayed by the system leaders. Subsequent reports on planning and cooperation will provide the systems with an opportunity to respond more fully to the legislative mandate. Furnishing information on conditions facing institutions and explaining apparent gaps in cooperative activities would enhance later reports.

Actions by the institutions, the system offices and governing boards, the Coordinating Board, and the legislature comprise the agenda for continuing cooperation. Institutions have the primary responsibility for implementing and expanding cooperation. System offices and boards significantly could encourage local efforts through the allocation of resources and lowering of barriers related to governance. The Coordinating Board can contribute to cooperation through its role in program review, policy analysis, and financial aid. By making changes in education policy, finance, and governance, the legislature could exercise its responsibility to enhance cooperation. Another item on the agenda for action is to explore direct involvement of St. Paul Technical Vocational Institute in cooperative efforts because several community colleges are in the same service area. Extending local cooperation to institutions in the State University System and the University of Minnesota also could be explored.

In conclusion, the efforts to date of the Community College System and the Vocational-Technical Education System in responding to the legislative mandate deserve commendation. The systems clearly have taken the first steps toward firm cooperation between institutions serving the same or nearby communities. They have made their commitment and have raised the expectations of fulfillment. Accomplishment of the goals, however, will be neither quick nor easy. It will require perseverance by the leaders of the systems and member institutions.

F. FEDERAL-STATE RELATIONS

Introduction: Although the United States Constitution relegates to the states primary responsibility for educating the citizenry, federal education policies and appropriations nonetheless greatly affect education in Minnesota, particularly the post-secondary education community. Federal actions by the executive, legislative, and judicial branches regularly affect students, faculty members, and institutions as well as state policies and practices.

The most noticeable federal influence comes through direct and indirect federal expenditures to support students, faculty, equipment, facilities, research staff, and patient care.

In Fiscal Year 1984, the U.S. Department of Education received approximately $6.7 billion to fund a variety of post-secondary education programs, with 94 percent of this funding provided specifically for student assistance. Traditionally, about 2 percent of federal funds flow to Minnesota students, which would amount to about $140 million in benefits during Fiscal Year 1984.

The federal government also provided an appreciable amount—$5.2 billion—for the direct support of research and development (R & D) projects conducted at colleges and universities.

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[37] Minnesota Higher Education Coordinating Board, *Coordinating Board Review and Comment on Responses by Post-Secondary Education Systems to House File 2* (January 28, 1983).

[38] Minnesota Higher Education Coordinating Board, *Review and Comment on Plans for Cooperation by Area Vocational-Technical Institutes and Community Colleges* (February 1984).

[39] Minnesota Community College System and Minnesota's Vocational-Technical System, *Community Colleges and Area Vocational-Technical Institutes: Inter-System Cooperation, An Interim Report* (February 1984).

Federal funding is particularly important to the University of Minnesota in view of its research mission. In Fiscal Year 1982 federal funds obligated for R & D at the University totaled $79 million. The total federal obligation for the University in 1982 was $109,957,000, which ranked the institution sixth nationally.

The federal government also provides assistance to post-secondary students and institutions through a variety of tax provisions. Approximately $1.8 billion in federal revenues were foregone in Fiscal Year 1982, for example, through various tax provisions, which include allowing parents to claim a dependent's deduction for college students, excluding scholarship and fellowship assistance from taxation, deduction of interest on student loans, and allowing the deduction of job related educational assistance. The exemption from federal tax on bonds used for educational facilities and student loans also provides considerable financial relief by providing capital at below market rates of interest. Minnesota has used such tax-exempt financing to support the Minnesota State Student Loan Program, capital financing for private college facilities secured through the Higher Education Facilities Authority, and capital financing for facilities at the University of Minnesota.

Beyond these direct effects, federal policies also often indirectly influence post-secondary education. Federal laws and regulations, such as minimum wage laws, standards for safety and access for employees, affirmative action guidelines, minimum requirements for retirement programs, and research contract compliance requirements frequently affect both the nature and cost of providing educational services. Likewise, the increasing costs of federal services, such as the postal service, have a significant impact on post-secondary education.

Background: The federal government has a long history of providing post-secondary assistance through a variety of approaches. The first significant federal investment in post-secondary education came with the land grant commitments to institutions in the 1860s. By the time the next major commitment developed, to provide G.I. entitlements following World War II, the federal government also had spawned a new source of support within the nation's universities by funding research projects of national interest. In the late 1950s, the launching of Sputnik created concern that the United States was falling behind other world powers in the availability of technically skilled manpower. As a result, the federal government greatly increased its funding for post-secondary education in three ways: it increased funding for research and development, much of which was conducted within universities; it funded the construction of higher education facilities to accommodate the large influx of new students; and it provided direct student financial assistance to encourage a higher level of educational achievement.

Although federal aid to students was provided before the 1960s, the major thrust toward equalizing educational opportunity did not appear until passage of the Higher Education Act of 1965. This act provided for grants to students of exceptional financial need through the Education Opportunity Grant Program (now called the Supplemental Educational Opportunity Grant Program). It also expanded the 1964 College Work-Study Program, which provided for part-time employment opportunities for students with insufficient resources, and it established the Guaranteed Student Loan Program to supplement the National Defense Student Loan Program (now called the National Direct Student Loan Program).

The federal approach to assisting post-secondary education changed significantly in the early 1970s. The federal focus shifted almost entirely from providing direct aid to post-secondary institutions to providing increased aid to students. Direct forms of institutional aid, such as the College Housing Loan Program and the Loan Program for Construction of Academic Facilities, were phased out totally and funding for other programs, such as the Land-Grant Colleges and Universities Program, was reduced greatly. Initially, this new thrust to provide direct assistance to students, rather than to the schools they attend, was accompanied by rapid growth in federal funding.

In 1972, the Basic Educational Opportunity Grant Program (BEOGs—now known as the Pell Grant Program) was introduced to supplement previously existing grant, loan, and college work-study programs. Between 1970 and 1980 federal funding for student assistance increased from $1.9 billion to $8.7 billion, an increase of more than 350 percent.

Federal funds represent more than half (about 55 percent) of all student grant aid available in Minnesota. In Fiscal Year 1984, about $60 million in federal funds was available to help Minnesota students pay their post-secondary education expenses through the Pell and Supplemental Educational Opportunity Grant Programs. The percentage of federal dollars available in Minnesota for student financial aid represents 2 to 3 percent of total federal funding for these programs.

In addition to the significant increases in funding, eligibility for student assistance also expanded in the 1970s. Twice during the decade, with passage of the Middle-Income Student Assistance Act (MISSA) in 1978 and Reauthorization of the Higher Education Act in 1980, eligibility for federal aid was expanded to incorporate benefits for less needy students. MISSA extended eligibility for BEOGs to students from middle-income families as well as to students from lower-income families who had previously been eligible.

MISSA also extended eligibility to all students for highly subsidized Guaranteed Student Loans (GSLs), rather than restricting these loans to students from families with incomes below $25,000 as had been the case previously.

The 1980 reauthorization further extended eligibility for the Pell Grant Program. By authorizing an increase in maximum awards from $1,800 to $1,900 for the 1981-82 school year and rising to $2,600 by 1985-86, eligibility was expanded to many more students from middle-income families. These authorized levels never were funded.

In contrast to the rapid growth in funding and eligibility for student financial assistance, the rate of growth in research and development funding tapered off; by the end of the decade there was little or no real growth in this area of federal support for colleges and universities.

The 1980s have brought additional significant changes in the federal role in post-secondary education. Early in the decade, federal fiscal constraints led to a precipitous decline in federal support. Though funding levels remained fairly stable for most student assistance programs during the early 1980s, the real value of these appropriations declined appreciably after adjusting for the high inflation levels of that time. As illustrated in Table III.4, for example, funding for the Pell Grant Program remained virtually constant between 1979 and 1983, though it declined nearly 30 percent in real terms.

This decline in the real value of federal funds was particularly devastating to post-secondary students because it occurred at the same time that eligibility was twice expanded (through MISSA and the 1980 reauthorization). The increased benefits to middle-income students have come at a high cost to the most needy students to whom the programs previously had been targeted.

For Minnesota students, the availability of aid paralleled the changes at the federal level—increased eligibility was not accompanied by increases in funding. As a result, aid to the most needy students diminished. Because of these deleterious trends, both federally and within Minnesota, the state's financial aid policies were revamped in 1983.

In the last two years, the trend toward declining benefits appears to have been curbed. Funding for federal student grant assistance increased in Fiscal Year 1984 more than enough to offset inflation. Pell Grant funding increased to $2.8 billion, a 16 percent increase. Funding for Fiscal Year 1985 has been set at $3.5 billion, another 25 percent increase. Maximum Pell Grants were increased from $1,800 to $1,900 in 1984 and will increase to $2,100 in 1985.

Two exceptions to the trends in federal student assistance funding in the 1980s have been Social Security student benefits, for which funding has essentially been phased-out over the past four years, and Guaranteed Student Loans (GSLs), for which funding needs have varied radically depending upon interest rates.

By far the largest single federal reduction in student aid has resulted from the gradual elimination of Social Security educational benefits. Prior to the 1982-83 school year, 18 to 21 year-old dependents of retired, disabled, or deceased workers received Social Security benefits while enrolled in school. During the 1981-82 school year, students received more than $2 billion through this program. The Budget Reconciliation Act of 1981, however, eliminated this benefit for all entering students and phased out the benefits over three years for previous recipients. By the end of the 1984-85 school year, therefore, this benefit will be entirely gone.

The most erratic program, in terms of federal funding, has been the Guaranteed Student Loan Program, for which federal funding increased by more than 200 percent, to $3.1 billion, from 1979 to 1983 before declining to $2.3 billion in Fiscal Year 1984. Two factors account for this roller-coaster phenomenon; the great increase in loan volume that occurred following the extension of benefits to all students in 1979 and varying contingent costs from prior obligations. These contingent costs vary so greatly because they are tied directly to interest rates, which have fluctuated significantly in recent years. Through the Budget Reconciliation Act of 1981, eligibility restrictions for the GSL Program were reimposed by the Congress. A $30,000 income threshold was instituted October 1, 1981; students from families with incomes higher than this amount must demonstrate financial need to qualify for subsidized loans. Borrowers with family incomes of $30,000 or less automatically qualify for interest benefits. Also, the cost of borrowing was increased by the addition of a 5 percent origination fee charged on the principal of each loan. Because Minnesota is a lender under the GSL Program, changes made by Congress affect students applying for loans from the State Student Loan Program administered by the Coordinating Board as well as by private lenders.

Trends in funding for R & D have paralleled those for student assistance in the 1980s. The value of R & D funding for universities has declined slightly and the distribution of R & D funding has changed in focus. Although R & D funding increased from $4.2 billion in Fiscal Year 1980 to $5.2 billion in Fiscal Year 1984, after adjusting for inflation, federally funded university research declined by 2 percent between Fiscal Year 1980 and Fiscal Year 1984. Furthermore, federal priorities clearly have shifted, with a much stronger emphasis on defense related research and diminished emphasis on health and social science related research. Indeed, defense related research is the only area of university based research in which federal funding is increasing more rapidly than inflation. These federal trends have affected R & D funding within Minnesota's universities. The University of Minnesota, for example, received 5 percent more in direct sponsored research in Fiscal Year 1982 than in Fiscal Year 1980, although this amounted to more than a 10 percent decline in funding after adjusting for inflation.

Federal tax legislation significantly affects post-secondary education. Under a tax reform measure passed in summer 1984 (PL-98-368), the federal government has reduced greatly the opportunity to use tax-exempt funding to fund private purpose activities. Because student loans are considered a private purpose activity at the federal level, this change in law may significantly reduce access

TABLE III.4.
FUNDING HISTORY FOR FEDERAL STUDENT ASSISTANCE IN CURRENT DOLLARS (AND IN CONSTANT 1984 DOLLARS), DOLLARS IN MILLIONS, 1979-1985[1]

Program	1979	1980	1981	1982	1983	1984	1985[2]
PELL	2,458	2,441	2,346	2,419	2,419	2,800	3,575
	(3,542)	(3,094)	(2,713)	(2,605)	(2,517)		(3,339)
SEOG	340	370	370	355	355	375	412.5
	(490)	(469)	(428)	(382)	(369)		(393)
CWS	550	550	550	528	590	555	592.5
	(793)	(657)	(636)	(569)	(614)		(565)
NDSL	329	301	201	193	194	161	190
	(474)	(381)	(232)	(208)	(202)		(181)
SSIG	77	77	77	74	60	76	76
	(111)	(96)	(89)	(80)	(62)		(72)
GSL	945	1,609	2,535	3,074	3,090	2,255	3,079
	(1,362)	(2,039)	(2,932)	(3,311)	(3,215)		(2,936)
SSSB	1,500	1,700	2,000	1,400	800	300	0
		(2,155)	(2,313)	(1,508)	(832)		(0)

[1] Federal appropriations for the Pell, SEOG, CWS, NDSL, and SSIG programs are forward funded. That is, appropriations for Fiscal Year 1985 beginning October 1, 1985, are used in the 1985-86 school year. The GSL Program is current funded. Appropriations for Fiscal Year 1985 are used in the 1984-85 school year.

[2] Estimates based on current appropriations in Continuing Resolution and Consumer Price Index Estimate from the Congressional Budget Office.

Pell:	Pell Grants
SEOG:	Supplemental Educational Opportunity Grants
CWS:	College Work-Study
NDSL:	National Direct Student Loans
SSIG:	State Student Incentive Grants
GSL:	Guaranteed Student Loans
SSSB:	Social Security Student Benefits

SOURCE: Minnesota Higher Education Coordinating Board

to student loans. In Minnesota this will affect both the well-established Minnesota State Student Loan Program, which is a lender of last resort under the federal GSL program, and the newly developed Student Educational Loan Fund, which was authorized by the 1983 Legislature to provide supplementary loans to students where other programs fall short. When current reserves in the Minnesota State Student Loan Program (MSSLP) have been exhausted, it is unlikely that the program will be able to secure additional loan capital through the traditional source of selling tax-exempt bonds. Not only would current law, if left unchanged, prohibit such financing, but the federal Education Department has made it difficult for state agencies to pursue tax-exempt financing. Unless alternative financing sources can be secured for the MSSLP, access to Guaranteed Student Loans could be jeopardized. The future of the state's Student Education Loan Fund Program could be even more precariously balanced. Prohibiting access to tax exempt funding for this program after 1985, as stipulated in current law, would seriously erode the viability of the program by forcing interest rates to student borrowers to unreasonably high levels.

The new federal tax legislation included a provision requiring that tuition benefits from employers be considered as income. Because this form of benefit had been nontaxable, it was used extensively by industry and post-secondary institutions to benefit their employees. The provision was enacted in 1978 but expired at the end of 1983. Prior to adjournment in October 1984, however, Congress adopted legislation to extend until December 31, 1985, this tax benefit. Employer paid benefits would continue to be tax free as long as they do not exceed $5,000 annually.

Status: The future of the federal role in post-secondary education remains unclear. Funding for financial aid has increased over the past two years, yet the administration continuously has submitted budgets that would reduce the federal commitment in this area. Reauthorization of the Higher Education Act, which is scheduled for action in the next Congress, also will affect how much federal funding is available and how that funding is spent. Funding for Research and Development also has shown little promise for any significant increases in future support.

One development, which could affect both student assistance and R & D funding, is the emerging federal promotion of science and math education and teacher education. Fiscal Year 1984 National Science Foundation funding includes more than $75 million for science and engineering education. In addition, $100 million has been appropriated in Fiscal Year 1985 to fund a new program to improve the teaching of math and science.

Congress also approved legislation to improve the training of teachers. The measure authorizes as many as 10,000 scholarships for Fiscal Year 1986 for students who promise to become elementary or secondary school teachers. Spending ceilings are set at $20 million in 1986, $21 million in 1987, $22 million in 1988, and $23 million in 1989. Also, the measure establishes a $1 million fellowship program for outstanding teachers and a federal merit scholarship program for exceptionally able students. Congress authorized $8 million a year for Fiscal Year 1986, 1987 and 1988. Also under the legislation, a $6 million national research and a training center is to be established at Indiana University's Bloomington campus to assist people who intend to become elementary or secondary school teachers.

Quite clearly, implementation of all the provisions of the 1984 tax bill would significantly affect student access to post-secondary education. Although efforts are underway to alter the negative impacts on post-secondary education, it is not clear whether or not the changes in the tax provisions will be altered.

ACCESS AND OPPORTUNITY

IV

IV

A. INTRODUCTION

Minnesota has created a strong system of educational opportunities beyond the high school level for its residents; it features four public systems of post-secondary education, a diverse private sector, and access to institutions in neighboring states.

The state has attempted to ensure equal opportunity to these institutions for all its residents, regardless of their financial situation, through the development of several financial aid programs and nonfinancial aid programs.

As a state board representing the consumer of post-secondary education, the Coordinating Board has developed several programs and projects to guide and inform students and prospective students who are considering the various opportunities available to them. And the Board has worked to provide access and choice for residents by administering the state's financial aid and interstate reciprocity programs.

This chapter outlines the Board's role in information dissemination and program administration.

B. INFORMATION AND COUNSELING

1. Introduction

The Board assists the consumers of post-secondary education in several ways. They are described in this section. The Board administers the Post-High School Planning Program. It is designed to provide high school students with information that will help them make decisions about their future education and work plans. During the biennium, in response to a legislative mandate, the Board studied institutional catalogs to determine if they provide clear, complete and dependable information to students. The Board continues to administer the Private Institution Registration Program. This program was established in 1975 to ensure that Minnesota residents are protected from illegitimate institutions. As part of its 1985-87 biennial budget request, the Coordinating Board has requested funding for a project to develop an integrated plan to provide information about post-high school opportunities, about the preparation expected of prospective post-secondary education students, and the resources available to help students plan and pay for their post-high school education.

2. Minnesota Post-High School Planning Program

Objective: To provide high school students with information useful in making post-secondary education and work plans and to provide post-secondary institutions with information useful in the admission, advising, and placement of students.

Statutory Authority: *Minn. Stat.* Sections 136A.85-136A.88 (1984).

Background: The University of Minnesota established the Minnesota College/Vo-Tech Statewide Testing Program in 1928 to identify high school students with academic aptitude in an effort to improve University retention rates. Prior to 1979, the testing program was funded by the University of Minnesota and the Association of Minnesota Post-Secondary Educational Institutions. In 1978 the Coordinating Board recommended to the legislature that the program be strengthened through additional funding, that it be placed under a state-level agency to establish statewide identity, and that a broadly constituted advisory committee from the education community be established to provide the Board with recommendations on the future of the program.[1]

The 1978 Legislature directed the Board to establish a statewide career guidance, testing, information, and planning program for all 11th grade students who wish to participate.[2] The program, renamed the Post-High School Planning Program (PSPP), is designed to:

Assist students to make career plans and decisions regarding post-secondary education, training, and goals;

Assist high school, college, and vocational institute counselors in their work with students;

Assist Minnesota colleges and vocational institutes to identify students for whose talents, interests, and needs they have appropriate programs;

Assist colleges and scholarship agencies to select from applicants those who show the most promise of benefiting from particular programs;

Provide educators, state planners, and policymakers in the state a continuous inventory of the talents, plans, needs, and other characteristics of students in individual educational institutions, in educational systems, and in the state as a whole; and

Assist educators, state planners, and policymakers to develop improved educational measures and counseling tools.

The program consists of the following components:

Aptitude Test—the Preliminary Scholastic Aptitude Test/National Merit Scholarship Qualifying Test (PSAT/NMSQT) or the School and College Abilities Test (SCAT),

Interest, Achievement and Work Experience Inventory—the Career Planning Program (CPP),

Questionnaire—the Plans and Background Survey (PBS), and

Actual Achievement Measure—high school rank (HSR).

As required by law, the program includes an advisory task force of representatives from the following groups:

1. Minnesota School Counselors Association,
2. Minnesota Association of Secondary School Principals,
3. Minnesota School Boards Association,
4. State University System,
5. University of Minnesota,
6. State Community College System,
7. Minnesota Private College Council,
8. Minnesota Area Vocational-Technical Institutes,
9. One secondary education student,
10. One post-secondary education student.

This committee is charged with making recommendations to the Board on program goals, policies, and selection of tests. It focuses on the following issues:

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[1] Minnesota Higher Education Coordinating Board, *Review of the Minnesota Vo-Tech Testing Program* (December 1977).

[2] *Laws of Minnesota for 1978,* Chapter 782.

1. Ways to increase participation in the program by high school students and post-secondary institutions;
2. Methods to expand and modify the program to better meet the needs of students with vocational or occupational objectives; and,
3. Ways to improve services to participating post-secondary institutions to ensure that the tests and other student information meet their admissions, placement, advisement, and research needs.

Status: Approximately 40,000 Minnesota high school juniors participated in the program in the 1983-84 school year, down from a high of nearly 50,000 in 1980-81. The decline parallels the trend of decreasing high school class sizes that can be expected to continue for the next 10 years. The number of post-secondary institutions participating in the program increased from 63 in 1978 to 100 in 1983-84.

In January 1985, the Post High School Planning Program will assume responsibility for the production and distribution of a common freshman application form for all Minnesota collegiate institutions. This form was originally developed by the Association of Minnesota Post-Secondary Education Institutions and has been maintained by the admissions office of the University of Minnesota through the fall 1984 application cycle. The form will be reviewed annually by the advisory task force and will be distributed to all Minnesota secondary schools through the counseling office.

Program services are delivered by the Technical Division of the University of Minnesota Counseling Bureau under contract with the Coordinating Board. Coordinating Board staff have responsibility for giving policy direction to the program, in consultation with the advisory task force, and for maintaining liaison with all secondary and post-secondary institutions participating in the program.

No changes have been made in the program structure or services since 1978. The Coordinating Board's management plan for 1984-87 includes a long range planning process for the program. This planning effort was begun in October 1984 and is expected to culminate in a report and recommendations for future directions in the program by summer of 1986.

Recommendation: The Board recommends that the 1985 Legislature appropriate $114,600 for Fiscal Year 1986 for the Post-High School Planning Program and $119,300 for Fiscal Year 1987.

Rationale: This recommendation will enable the Board to continue the program during the 1985-87 biennium. The increased funding reflects a 5.5 percent inflationary allowance each year. No additional funding is proposed.

3. Institutional Catalogs

Introduction: The catalog is a primary resource to the student as he or she chooses which post-secondary institution to attend. The catalog also guides enrolled students during their term at the institution. It becomes essential, then, that the catalog provide accurate and comprehensive information to its consumers and that institutions protect themselves from possible litigation.

Issue: The issue is to ensure that prospective post-secondary students and enrolled students receive clear, complete, and accurate information.

Background: Given concerns about the presentation of institutional and program requirements in a clear, dependable, and timely manner, the 1983 Minnesota Legislature directed the Higher Education Coordinating Board, in cooperation with the state's post-secondary governing boards, to study the extent of problems and to develop guidelines to ensure that students receive clear, complete and accurate information. Specifically, the mandate states that:

The higher education coordinating board, in cooperation with the state board for vocational education, the community college board, the state university board, and the board of regents of the University of Minnesota, shall study the extent of problems concerning the clarity and frequency of change of institutional and program requirements. The several boards shall develop guidelines to provide students with clear and dependable requirements of the institution and programs.[3]

To implement the mandate, the Coordinating Board focused on the catalog because of its importance in providing students with information on institutional and program requirements. Coordinating Board staff identified the principal purposes of the catalog and examined previous research conducted on catalogs.[4]

Two techniques were used to study catalogs in Minnesota. First, oficials of Minnesota public and private post-secondary institutions were surveyed with regard to the preparation and use of their catalogs. Second, with the assistance of a special advisory committee, the staff adapted an existing checklist containing the elements of a model catalog. This checklist then was used by the Coordinating Board's Student Advisory Committee to assess the content and clarity of a random selection of Minnesota catalogs.

While accuracy was considered an important issue, the special advisory committee believed that it could only be assessed by a thorough audit of all information contained in the catalog. Since this would have required more resources and time than were available for this project, the accuracy issue was not addressed directly in the study.

The project represented a continuation of the Coordinating Board's interest in ensuring that consumers and students receive adequate, accurate information. While much of the Board's previous study emphasized recruitment information, the Board has expressed interest in the quality of all education information provided to students.

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[3] *Laws of Minnesota for 1983,* Chapter 166, Section 3.

[4] Minnesota Higher Education Coordinating Board, *Clarity and Frequency of Change of Institutional and Program Requirements in Minnesota Post-Secondary Catalogs with Coordinating Board Recommendations* (April 1984).

In 1974, for example, the Board endorsed the "Joint Statement on Principles of Good Practice in College Admissions and Recruitment," a policy statement of the American Association of Collegiate Registrars and Admissions Officers, the College Board, the National Association of College Admissions Counselors, and the National Association of Secondary School Principals.[5] Support for the statement came following the Board's consideration about growing concern with recruitment standards in Minnesota.

During 1980 and 1981, the Board was involved in federally-funded activities to assess and improve the availability and quality of education information in Minnesota. Activities included sponsorship of regional and statewide workshops to assess the status of Minnesota's education information, development of new information for prospective post-secondary students, and assessment of public policies that affect the availability and quality of education information.[6]

Findings: The survey results indicated that most institutions in Minnesota use the catalog as their primary reference document, but they also use it for a variety of other purposes such as an informational brochure, a marketing tool, and a counseling tool.

The students' review found that most Minnesota post-secondary institutions publish catalogs that are complete and clear. In applying the checklist, however, the students found some items missing; most of these items concerned costs and financial aid, two types of information that are known to affect students' decisions on college choice.

In analyzing the results of the checklist review, the special advisory committee and the student advisory committee disagreed on some items. The special advisory committee believes that certain statements are essential but that others are less important and should be left to the discretion of individual institutions. The students, however, indicated a desire for more detailed and clear information on financial aid and the inclusion of more information on the frequency of course offerings.

Recommendations: Based on its review of the staff study on catalogs, the Coordinating Board on April 19, 1984, adopted the following recommendations:

1. **That each Minnesota post-secondary education institution review its catalog at least every two years to insure that it provides complete, clear, and accurate information on the institution and its programs to currently enrolled and prospective students.**

Rationale: Because both institutions and students rely so extensively on the catalog for program and institutional requirements, post-secondary institutions have a responsibility to ensure that dependable information is provided in a timely manner. The adequacy of catalogs does not appear to be a major problem in Minnesota; nevertheless, a review of a random sampling of catalogs found that some significant items appear to be missing in some catalogs. Further, because the catalog must be updated frequently, continuous attention should be given to the content, clarity, and accuracy of the publication. An internal review of catalogs might involve several participants including students, faculty, staff, and administrators.

2. **That the Higher Education Coordinating Board distribute the checklist developed for this study, which contains the elements of a model catalog, to all Minnesota post-secondary education institutions and encourage them to use it as they assess the content, clarity, and accuracy of their catalogs.**

Rationale: The checklist adapted for use in this project contains most of the important items that should be included in an institutional catalog. These include: institutionwide criteria such as the mission of the institution and its admissions policy; academic programs and faculty, including classes and program requirements and staff; cost and financial aid; student services and student life, and facilities. The instrument used in this project was adapted from a checklist developed for previous studies. It proved to be a valuable tool in assessing a sampling of Minnesota catalogs and is likely to be of assistance to Minnesota institutions as they review their catalogs.

3. **That the Higher Education Coordinating Board develop a guide for prospective post-secondary students to assist them in reviewing the information provided to them by post-secondary institutions.**

Rationale: Prospective students receive extensive information from post-secondary institutions. As this project found, the information is contained in several publications, the most significant of which is the institutional catalog. As post-secondary institutions expand their marketing and recruiting efforts, prospective students are likely to receive increasing amounts of information. Because much of the information provided to students is known to influence their decisions, it is important that it be complete, clear, and accurate. The proposed guide for prospective students would spell out for them what information institutional publications such as the catalog should include and would suggest what a student should know when considering a post-secondary institution.

4. Private Institutions Registration Program

Objective: To provide consumer assistance for post-secondary students and prospective students in Minnesota.

Statutory Authority: *Minn. Stat.* Sections 136A.61-136A.71 (1984).

Background: The program was recommended by the Higher Education

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[5] Minnesota Higher Education Coordinating Board, *Making the Transition, Report to the 1975 Minnesota Legislature* (January 1975).

[6] Minnesota Higher Education Coordinating Board, *Better Information for Students: Report on Education Information Resources and Activities, A Status Report* (November 1981). Based on this report, the Board in 1981 endorsed a revised version of the 1974 statement, distributed copies to post-secondary institutions and high schools, and recommended that post-secondary systems adopt the guidelines.

Coordinating Board and established by the 1975 Minnesota Legislature. The recommendation to establish the program was based on an increasing number of inquiries and complaints by students in Minnesota which pointed to possible abuses in the advertisement and delivery of post-secondary education in Minnesota. No procedures existed in the state to license, certify, or approve the delivery of private degree-oriented post-secondary education services to residents. Minnesota was one of fewer than a dozen states that did not have protection for its residents, and evidence suggested that without some action the state could attract a variety of illegitimate activities providing substandard services.

Implementation of the program began in 1977. Several amendments to the act were adopted by the 1978 Minnesota Legislature; they further clarify the intent of the law and expand its effect to include public schools located outside Minnesota which offer programs or courses within the state.

The program assists and protects persons choosing to attend private institutions by establishing procedures to assure the authenticity and legitimacy of institutions and systems. The program ensures protection of student records, disclosure of certain information to students and prospective students, financial stability of educational institutions, appropriate faculty and physical facilities for education programs, and adequate governance of educational institutions. The procedures also assist institutions by providing guidelines to private schools offering programs and courses in Minnesota, helping to protect legitimate and authentic institutions from unfair competition, and offering guidelines and assistance to developing institutions and experimental programs.

Schools under the purview of this program must register annually with the Coordinating Board. Once an institution has registered, the Coordinating Board staff reviews material that has been submitted and makes recommendations for Board action concerning institutional names and the granting of degrees.

The Board each year adopts and publishes a list of registered schools, schools approved to offer specified degrees, and schools approved to use the name "academy," "college," "institute" or "university."

Status: By December 1984, 76 institutions were registered with the Coordinating Board, 46 were approved to grant degrees, and 18 were approved only to use certain terms in their names. Several institutions have been discouraged from operating in Minnesota or have been denied approval.

Recommendations: In order to assure the equitable and efficient administration of this program and the continued assistance and protection of Minnesota students and prospective students, the Board recommends the following:

1. **That the Private Institutions Registration Program be continued and;**
2. **That the registration fees generated by this program be used for the administration of the program.**

Rationale: The Board continues to support the need for assisting students and providing protection for both students and authentic private institutions in Minnesota. Demographic changes strongly suggest that there will be increased competition for post-secondary students. As these changes occur, the need for established standards for institutional conduct will be emphasized. The existing process with experienced personnel will enhance Minnesota's ability to minimize abuses by assuring that post-secondary education degree programs meet minimal standards, by assuring that records of students are protected and accessible for future use, by helping protect prospective students from misrepresentation or from inadequate or illegitimate programs, and by improving the accuracy and availability for information about institutions for prospective students and their families.

5. Plan to Inform Students

Introduction: Minnesota has encouraged its citizens to continue their education by making educational institutions and programs broadly accessible and by creating and expanding student financial aid programs. In order to make their educational plans, citizens need accurate and timely information.

Background: The Coordinating Board has provided information to students and prospective students in a variety of ways, particularly through the Post High School Planning Program and through communications about the student financial aid programs. The Board, however, has not developed a coordinated effort to inform Minnesotans about available post-secondary opportunities and costs.

In Fiscal Year 1985 the Board expanded its efforts to provide information. In addition to its printed information, the Board developed a pilot audio visual presentation on student aid with an emphasis on how to complete the State Scholarship and Grant Program financial forms. Based on its recommendations in response to a legislatively-mandated study focusing on the clarity and frequency of change of institutional and program requirements, the Board developed a guide to assist students in reviewing information provided to them by post-secondary institutions. Also, as followup to one of its recommendations on transfer of credit, the Board updated its 1979 brochure on the transfer process. In its study of remedial education, the Board recommended that it communicate to secondary schools, students and parents guidelines for college-level work that is applicable toward undergraduate degree credit and which courses are considered remedial instruction. This is a followup to a Board proposal to convene a task force to develop guidelines for college-level instructional outcomes in reading, writing and mathematics that warrant undergraduate degree credit.

Recommendations: The Coordinating Board recommends that the 1985 Minnesota Legislature appropriate to the Board $96,000 in Fiscal Year 1986 and $66,000 in Fiscal Year 1987 for use in developing a compre-

hensive plan to better inform students and parents.

Rationale: An integrated effort to better inform students would accomplish many purposes. It would inform students about the benefits of continuing their education, the post-high school opportunities available to them, appropriate ways to prepare for post-secondary education, resources available to help them plan for their post-high school years, available financial assistance, and the types of questions they should pose to post-secondary institutions in making their decisions.

A major focus of the effort would be on those citizens underserved by the state's post-secondary systems and institutions. To increase the awareness of high school students, the effort would reach them before they foreclose the future options of pursuing a post-secondary education by selecting a non-rigorous high school curriculum. The effort would be designed to reach students and parents long before they approach high school graduation. Strategies also would be developed to increase the awareness of adult students.

The Coordinating Board would develop and implement the communications plan in cooperation with communications specialists in the state's post-secondary and secondary sectors. The Board, with this assistance and the possible use of professional consultants, would develop the themes and specific strategies, identify the target audiences and prepare media materials.

C. FINANCIAL AID

1. Introduction

The Higher Education Coordinating Board administers seven student financial aid programs which have been created to help students pursue the post-secondary education opportunities that best meet their educational needs. Combined with aid from federal, institutional, and private sources, the programs provide a comprehensive package of assistance for students in public and private institutions. More than 85,000 students received approximately $105 million in state financial assistance in Fiscal Year 1984 from these programs. The largest of the programs are the State Scholarship and Grant Program, the State Student Loan Program, and the State Work-Study Program. Other programs include the Part-Time Student Grant Program; the Veterans' Dependents Assistance Program; the Medical and Osteopathy Loan Program, which is being phased out, and the Student Educational Loan Fund, which is to begin in early 1985. The 1983 Legislature repealed the AVTI Tuition Subsidy Program, and the 1984 Legislature repealed the Nursing Grant Program.

In addition to the financial aid programs, the state assists students through the interstate tuition reciprocity programs with neighboring states and the Optometry and Osteopathy Contracting Program.

This section reviews the financial aid and nonfinancial aid programs and the Board's budget and policy recommendations for each. The section provides a summary of the objectives for each program, authority for the program, background, status, recommendations for the 1985-87 biennium, and the rationale for the proposals.

a. Scholarship and Grant-in-Aid Program

Objective of the Scholarship Program: To identify talented students in the state and provide financial assistance for those students who demonstrate financial need and wish to continue their education at Minnesota institutions of their choice.

Objective of the Grant-in-Aid Program: To provide financial assistance for students with need and to encourage their post-secondary educational development at the Minnesota institutions of their choice.

Statutory Authority for the Scholarship and Grant-in-Aid Programs: *Minn. Stat.* Sections 136A.09-136A.131 *(1983 Supplement).*

Background: The State Scholarship Program was authorized in 1967, and the Grant-in-Aid Program was authorized in 1969. These programs form the foundation of Minnesota's comprehensive financial aid effort.

Changes in the nature of the programs together with increased funding have made the programs increasingly comprehensive. In 1970 less than $1 million was available for the programs, and fewer than 1,000 students were served. In Fiscal Year 1984, $48.5 million was available, and 58,209 students were offered awards. Of the dollars available in 1984, 22 percent was designated as scholarships and 78 percent as grants.

The most recent statutory changes in the programs were made by the 1983 Minnesota Legislature, which adopted a major redesign of the program. (See Chapter II.B.4.) The 1984 Legislature repealed the Nursing Grant Program which had been administered under the same provisions as the Scholarship and Grant Program.

Students may apply to the Minnesota Scholarship and Grant Program with the same application form. Awards from one program preclude awards from the other program for that academic year. For this report no distinction is made among these programs because of their uniform standards and administration. The distinction between scholarships and grants is maintained for program administration, however, in order to provide priority funding to students with demonstrated scholastic abilities as well as financial need. Awards are made in the following order:

Renewal scholarships
Renewal grants
New scholarships
New grants

Minnesota residents who will be full-time, first year undergraduate students at one of more than 160 eligible post-secondary institutions in the state may apply for scholarships. Awards are based on both financial need and scholastic achievement as indicated by high school rank—upper 25 percent of the junior class in high school. Applicants who show academic achievement but do not demonstrate financial need receive a non-monetary honorary scholarship.

For the grant program, Minnesota residents who will be full-time students may apply during any year of their undergraduate study. Applicants must be a graduate of a secondary school or its equivalent or be 17 years of age or older. Part-time, graduate and professional students are not eligible for the program.

Students must apply each year to renew their awards; however, they must maintain satisfactory progress toward completion of their program as defined by the school. The award amount may vary each year to reflect changes in the student's financial situation. Students who have obtained a baccalaureate degree or been enrolled for eight semesters or 12 quarters are not eligible.

Eligible institutions are determined by the Board each year. The institution must be located in Minnesota; it must offer at least one program that is vocational or academic in nature, leads to a degree or certificate, is 10 weeks long, and involves at least 12 academic credits or 300 clock hours. The institution must be one of the following: accredited by a federally recognized accrediting agency or association, approved to offer degrees or use terms in its name according to the Private Institution Registration Program, or be licensed by the appropriate state agency. Eligible institutions include the University of Minnesota, state universities, community colleges, public area vocational-technical institutes, schools of nursing and related health professions, priviate colleges and proprietary institutions.

The Board accepts applications continuously from January 1 of the calendar year through May 31 of the next calendar year. To inform potential applicants of the programs, the Board does the following:

conducts workshops for high school counselors in the fall of each year;

provides institutions with lists of applicants;

provides high school counselors with a list of students who have applied from their school;

prepares an annual publication, *Focus on Financial Aid,* which provides a description of all major state and federal financial aid programs (these are mailed to all high schools and post-secondary institutions), and

provides information about the programs through the media.

Under the program redesign implemented in the 1983-84 school year, all applicants are required to contribute at least 50 percent of the cost of attendance from savings, earnings, loans, or other assistance from institutional or private sources. The remaining 50 percent of the cost is first met by a contribution from parents determined by a national need analysis and then by the combination of federal Pell Grant and State Scholarship and Grant awards.

The cost of attendance consists of tuition and fees plus the allowance established by the Coordinating Board for room and board, books and supplies and miscellaneous expenses.

For students attending public institutions, the tuition and fees are the actual amount charged. For students attending private institutions the tuition and fees are limited to the cost of instruction per full year equivalent student in comparable public institutions. The 1983 Legislature mandated that the allowance for tuition and fees was not to exceed $3,598 in 1983-84 and $4,063 in 1984-85 for students attending private four-year institutions. For private two-year collegiate and vocational institutions, the allowance was not to exceed $3,573 in 1983-84 and $3,752 in 1984-85.

Since 1980-81 the living allowance has been $1,750 and the miscellaneous allowance has been $1,000.

How It Works: The following two examples illustrate how the policy works.

Example 1: Take the case of a student attending Mankato State University in 1984-85, a public four-year institution. The cost of attendance recognized by the state is $4,266, as shown in Table 1. This includes tuition and fees of $1,516 plus $2,750 for the living and miscellaneous allowance. Under the formula, the student is responsible for 50 percent of the cost, or $2,133. The remaining 50 percent of the cost is financed from the expected contribution of the student's parents and federal and state grants. If the student's expected parental contribution is zero, then the student would be eligible for federal and state grants totaling $2,133. If the student comes from a family with an expected parental contribution of $1,000, he or she would be eligible for federal and state grants totaling $1,133.

Example 2: Take the case of a student attending Gustavus Adolphus College in 1984-85. The college's cost of attendance recognized by the Coordinating Board is $6,813, as shown in Table IV.1. This includes tuition and fees limited to $4,063 and $2,750 for the living and miscellaneous allowance. The student is expected to contribute half of the cost, or $3,407. The remaining 50 percent comes from the student's parental contribution and federal and state grants. If the expected parental contribution is zero, he or she would be eligible for state and federal grants totaling $3,407. If the student's expected parental contribution is $1,000, then the student would be eligible for grants totaling only $2,406.

The Gustavus student must pay actual tuition and fees totaling $6,064. The State Scholarship and Grant Program, however, only recognizes $4,063 in the 1984-85 formula. This limit is established in legislation. Thus, the student becomes responsible for an additional $2,001 in tuition and fees.

In both of the previous examples, the students may receive additional grant assistance from private or institutional sources that are controlled by the campus financial aid officer. Receipt of these additional grants does not affect the amount of the State Scholarship or Grant or the federal Pell Grant. This additional assistance may be used to help meet the student's required contribution.

If the program is not fully funded, available funds are rationed by the

TABLE IV.1
1984-85 INSTITUTIONAL BUDGETS AND STUDENT CONTRIBUTION UNDER STATE SCHOLARSHIP AND GRANT PROGRAM

	Budget Recognized				Student Contribution		
	Tuition and Fees Recognized	Actual Tuition and Fees	Living and Misc.	Total Budget Recognized	50 Percent Student Share	Unrecognized Student Share	Actual Student Share
AVTIs	$ 998	same	$2,750	$3,748	$1,874	0	50%
Community Colleges	1,176	same	2,750	3,926	1,963	0	50
State Universities	1,516	same	2,750	4,266	2,133	0	50
UM—Twin Cities	1,830	same	2,750	4,580	2,290	0	50
Concordia—St. Paul	4,063	4,230[1]	2,750	6,813	3,407	167	51
St. Thomas	4,063	5,450[1]	2,750	6,813	3,407	1,387	58
Gustavus Adolphus	4,063	6,064[1]	2,750	6,813	3,407	2,001	61
Macalester	4,063	7,595[1]	2,750	6,813	3,407	3,532	67
Carleton	4,063	8,367[1]	2,750	6,813	3,407	4,304	69
Golden Valley Lutheran	3,752	5,360[2]	2,750	6,502	3,251	1,608	60

[1] The private four-year college tuition cap is $4,063.

[2] The private two-year college and private vocational school cap for 1984-85 is $3,752.

SOURCE: Minnesota Higher Education Coordinating Board

TABLE IV.2
OVERVIEW OF STATE SCHOLARSHIP AND GRANT PROGRAM FISCAL YEARS 1979-84 AND PROJECTIONS FOR FISCAL YEARS 1985-87

	Actual Fiscal Years						Projected Fiscal Years		
	1979	1980	1981	1982	1983	1984	1985	1986	1987
Appropriations:									
Carryover	Canceled	$ -0-	$ 5.3	$ -0-	$ 5.7	$ -0-	$ 1.9	$ -0-	$ -0-
Federal SSIG	$ 1.5	1.5	1.5	1.5	1.4	1.1	1.5	1.5	1.5
State	25.8	22.2	26.8	30.5	27.2	47.4[1]	47.3	59.2[2]	70.1[2]
Total	$27.3	$23.7	$33.6	$32.0	$34.3	$48.5	$50.7	$60.7	$71.6
Awards	$22.2	$20.6	$30.7	$29.7	$28.9	$56.3	$59.4	$69.4	$82.2
Refunds	(2.7)	(2.2)	(4.2)	(3.4)	(4.6)	(10.0)	(8.9)	(10.7)	(12.6)
Net Awards	$19.5	$18.4	$26.5	$26.3	$24.3	$46.3	$50.5	$58.7	$69.6
Turnback/Carryover	$ 7.8	$ 5.3	$ 7.1	$ 5.7	$10.0	$ 1.9	$ .2	$ 0	$ 0
Applications:									
Resident Pool (est.)	134,141	135,039	142,107	145,255	145,773	151,884	146,000	141,000	164,000
Applicants	51,248	57,503	67,057	77,389	81,240	105,890	105,840	106,000	117,000
% of Pool	(38%)	(42%)	(47%)	(53%)	(56%)	(70%)	(72%)	(75%)	(71%)
Awards Offered	32,749	32,532	43,518	47,475	46,792	58,209	56,477	55,090	60,680
% of Pool	(24%)	(24%)	(31%)	(33%)	(32%)	(38%)	(39%)	(39%)	(37%)
% of Applicants	(64%)	(57%)	(65%)	(61%)	(58%)	(55%)	(53%)	(52%)	(52%)
Awards Not Accepted	4,553	4,499	5,264	4,653	5,790	6,079	7,907	7,713	8,495
Awards Accepted	28,196	28,033	38,254	42,822	41,053	52,130	48,570	47,377	52,185
% of Pool	(21%)	(21%)	(27%)	(29%)	(28%)	(34%)	(33%)	(34%)	(32%)
% of Applicants	(55%)	(49%)	(57%)	(55%)	(51%)	(49%)	(46%)	(45%)	(45%)
% of Offered	(86%)	(86%)	(88%)	(90%)	(88%)	(90%)	(86%)	(86%)	(86%)
Average Award Size									
Offered	678	633	705	625	618	967	1,052	1,205	1,109
Accepted	692	656	692	614	593	888	1,040	1,239	1,290

[1] Includes supplemental appropriation of $5 million in 1984.

[2] The appropriation totals for 1986 and 1987 include funds requested for the Part-time Grant Program.

SOURCE: Minnesota Higher Education Coordinating Board

Coordinating Board by placing a surcharge on the parental contribution and increasing the student share, or by combining both approaches.

Status: Table IV.2 presents an overview of program activity for Fiscal Years 1979 to 1984, estimates for Fiscal Year 1985, and projections for Fiscal Years 1986 and 1987.

The 1983 Legislature appropriated $89.6 million for scholarships for the 1983-85 biennium, a 55 percent increase over the $57.7 million in funding for the biennium ending June 30, 1983. The Board was authorized to transfer funds between years if the appropriation for one year is insufficient to meet obligations. Of the appropriation, $300,000 per year was designated for grants to part-time students under the existing Part-Time Grant Program. Also, $100,000 in Fiscal Year 1984 was available to cover short-term living and transportation expenses of AVTI students.

In Fiscal Year 1984, $4.7 million was transferred from the 1985 appropriation to cover a shortfall, due primarily to the effects of new state financing policies and higher than anticipated participation by students enrolled in nonbaccalaureate programs. The 1984 Legislature provided a supplemental appropriation of $5 million, of which up to $75,000 was to be available for osteopathy contracting. Also, the 1983 appropriations act provided that up to $160,000 in unused work-study funds in Fiscal Year 1984 be available to make grants in Fiscal Year 1985.

A comparison of program activity between Fiscal Year 1983 and 1984 shows the significant effects of the new policy implemented in the 1983-84 school year. Applications increased from 81,240 in Fiscal Year 1983 to more than 100,000 in 1984, as shown in Table 2. This represented 70 percent of the resident pool that year. Awards were offered to 58,209 students in Fiscal Year 1984 compared to 46,792 in 1983; 52,130 awards were accepted in Fiscal Year 1984 compared to 41,053 the previous year. And with the change in policy and increased funding, the average award size grew from $593 in Fiscal Year 1983 to $888 in Fiscal Year 1984.

The maximum amount of state and federal Pell aid in 1984-85 ranges from $1,874 at an AVTI to $3,406 at a private four-year college. An AVTI student with no Pell assistance and no parental contribution could receive up to $1,874 in state aid. Many students, however, receive some Pell aid and thus a state grant below the maximum. The minimum state award is $100.

While the absolute amount of financial aid going to students in all categories has increased under Shared Responsibility, the distribution has changed significantly with larger proportions of aid now going to students attending public institutions, to independent students, and to students from lower income families. The impact of Shared Responsibility is analyzed in Chapter II.B.4.

Recommendations: The Board recommends that the 1985 Legislature appropriate $57,231,200 for Fiscal Year 1986 and $68,131,200 for Fiscal Year 1987 for the Minnesota State Scholarship and Grant Program.[7] This is based on several projected changes in program funding, as shown on page 143.

Rationale: The Board believes that funding recommendations for financial aid should be considered in the context of the state's overall funding policy which also includes average cost funding and tuition revenue related to instructional costs. Full funding of the Design for Shared Responsibility, as proposed here, is intended to ensure equal educational opportunity for all Minnesota residents to attend the institution of their choice, regardless of their economic status. Currently 8 percent of all funding for post-secondary education goes for direct student financial assistance while the rest goes for direct institutional support.

The request is based on projected changes in economic conditions that would affect program funding and several proposed policy changes.

Net savings of $1,689,600 are expected in the program due to change in application rates.

First, projected enrollment declines are likely to result in a stabilization of application rates and fewer awards accepted. Reductions in funding from current levels attributable to this factor are projected to be $194,800 in Fiscal Year 1986 and $1,494,800 in Fiscal Year 1987.

Second, if the Board's proposed changes in rules governing dependency status for the program are implemented in 1985-86, approximately 2,000 students now receiving awards as independent students will have to apply as dependent students; some of these students will not qualify for awards. A reduction in program funding of approximately $3 million for the biennium results from this change.

Third, the Board is proposing to amend the current statute so that a student is eligible for aid for four years of financial aid. Now, a student can receive aid for four years of enrollment. Currently, about 3.5 percent, or about 3,692 applicants are rejected because they have been enrolled at least four years. The projected increase in program spending caused by this factor is $3 million for the biennium.

Savings of $3.7 million are projected based on a continuation of the economic recovery and a continued rise in personal incomes which result in higher parental contributions. As parents are expected to contribute more to their child's education, fewer state dollars are necessary to meet the cost of attendance.

Savings of $6.2 million in state funds are projected based on a possible increase in the maximum federal Pell grant, from $1,900 in Fiscal Year 1985 to $2,100 in 1987.

Additional state funds, however, are needed for several items. Increases in the allowances for tuitions are projected to be 5 percent in Fiscal Year 1986 and 7 percent in Fiscal Year

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[7] Table 2 shows the total funding proposed by the Coordinating Board for both the Scholarship and Grant Program and the Part-Time Grant Program. The Part-Time Grant Program funding proposals are described in Chapter IV.C.1.b.

PROJECTED CHANGES IN SCHOLARSHIP AND GRANT PROGRAM FUNDING FOR FISCAL YEARS 1986 AND 1987

	Fiscal Year 1986	Fiscal Year 1987
1. Application rates of full time students to the State Scholarship and Grant Program are expected to be affected by the following factors during the 86-87 budget period.		
a. Enrollment declines are projected for Fiscal Year 1986 and Fiscal Year 1987. These declines are expected to be reflected in the number of applicants and awards from the program.	(194,800)	(1,494,800)
b. Revision to current statute to delete reference to four years of enrollment and substitute four years of financial assistance from this program.	1,500,000	1,500,000
c. Changes to the Independent Student eligibility criteria.	(1,500,000)	(1,500,000)
Total change due to change in application rates.	(194,800)	(1,494,800)
2. Under the assumption that Minnesota will experience a continuation of the economic recovery and a continued rise in personal incomes of 7.8 percent in Fiscal Year 1986 and 7.6 percent in Fiscal Year 1987, expected parental contributions are anticipated to increase by 3 percent each year for the biennium, resulting in a decrease in the need for state funds.	(600,000)	(3,100,000)
3. Federal Pell Grant maximums are expected to increase from $1,900 in Fiscal Year 1985 to $2,000 in Fiscal Year 1986 and $2,100 in Fiscal Year 1987.	(2,100,000)	(4,100,000)
4. Increases in the allowance for tuitions are projected to be 5 percent in Fiscal Year 1986 and 7 percent in Fiscal Year 1987.	2,200,000	5,700,000
5. Remove the current cap on the level of assistance to students with demonstrated need attending private institutions.	3,800,000	5,400,000
6. Increase the living allowance from $2,750 to $3,000 in Fiscal Year 1986 and $3,250 in Fiscal Year 1987.	6,600,000	13,200,000
7. Expand the eligibility criteria to include part-time students. It is proposed that increased financial aid to part-time students be phased in over the biennium.	0	5,000,000

1987; this will require an additional $7.9 million in the biennium.

Raising the cap on the tuition allowance for students attending private institutions to the level recommended by the Coordinating Board in 1983 would cost $9.2 million during the biennium. As discussed in Chapter II.B.4, the 1983 Legislature placed a cap on the amount of tuition and fees considered in the award formula for students attending private institutions. The legislature indicated, however, that the cap be raised to a level corresponding to instructional cost in comparable public institutions beginning July 1, 1985.

The largest change is $19.8 million to increase the living allowance from the current $2,700 to $3,000 in Fiscal Year 1986 and $3,250 in Fiscal Year 1987. The living allowance of $2,750 was established in the 1980-81 school year. Before that year, separate allowances were used for students living on and off campus. The $2,750 allowance has two components—$1,750 for room and board and $1,000 for miscellaneous expenses.

In the 1981-83 biennial budget, the Board requested the allowance of $2,750 which accurately reflected student costs for Fiscal Year 1981. This was a substantial increase over previous years. The Board, however, did not request an increase in the allowance for the 1983-85 biennium. Although an inflation increase could have been justified, no increase was proposed. The Board's 1983-85 biennial budget request already increased state expenditures by 55 percent at a time when the state was in a fiscal crisis.

The increased allowance of $3,000 proposed for Fiscal Year 1986 accounts for roughly a 9 percent inflation adjustment over the past two years. The allowance is adjusted to the 1985-87 biennium by the requested $3,250. This allowance change anticipates an inflation rate of 8 percent over Fiscal Year 1986 and Fiscal Year 1987. These two increases would bring the allowance to $3,250, a fair but lean allowance.

Finally, the Board is proposing additional expenditures of $5 million for the biennium by extending the program to students registered for a minimum of six credits. This recommendation is based on implementation of the Board's policy recommendations for part-time students, to be effective in Fiscal Year 1987.

Other Developments: To complete its comprehensive review of student aid issues begun in 1980, the Coordinating Board included in its management plan the establishment of a task force on student aid delivery. The task force began work in fall 1984 to examine alternative methods of processing applications and delivering money to students eligible to participate in the State Scholarship and Grant Program. Each alternative will be examined with respect to how well it accomplishes its goals of providing maximum services to students at the lowest administrative cost to the state. The Board is scheduled to receive the report of the task force in January 1985 and act on recommendations in February. The Board's budget request includes $240,500 contingent on the results of the project.

The discussion of alternative delivery systems follows the implementation of a new, automated financial aid data processing system that was authorized by the 1980 Minnesota Legislature. Implementation of the system in 1983-84 coincided with the start of Shared Responsibility. It has enabled the Board to more effectively process a considerably larger volume of applications and funds. Further, the system has the potential to enhance the administration of the program, to process applications more quickly than before, and to enhance the exchange of information between the agency and campuses.

b. Part-time Student Grant Program

Objective: To provide grant assistance to students enrolled less than full-time and not receiving other state or federal grant assistance.

Statutory Authority: *Minn. Stat.* Section 136A.132 (1984).

Background: The Part-Time Student Grant Program was enacted in 1977 to assist the growing number of part-time students in Minnesota. The program provides financial aid in the form of a grant to financially needy students attending eligible institutions less than full-time—fewer than 12 credits, or equivalent—and pursuing programs or courses of study leading to degrees, diplomas or certificates. This may include high school students registered for post-secondary-level courses, graduate and professional students, and undergraduates attending an eligible institution less than full time. Students receiving other state or federal grants or tuition and fee payments from other sources are not eligible.

Eligibility for awards is based on financial need as determined by earned income in the tax year prior to the academic year for which the applicant is registered. In 1984-85 a student is considered eligible for a part-time grant if his or her combined gross income does not exceed $9,400 for a one-person family, $16,000 for a three-person family, or $19,875 for a family of four. These figures are based on *Bureau of Labor Statistics Urban Family Budget Study,* Intermediate Budget.

The awards may cover the cost of tuition and fees paid by the student or the cost of tuition and fees of a comparable program at the University of Minnesota, whichever is less.

Grants are awarded for a single term and are not automatically renewable, but the recipient may apply for additional awards for subsequent terms. Funds for the program are allocated by the Board to post-secondary institutions wishing to participate in the program. All schools eligible for the State Grant-in-Aid Program may participate. Allocations are determined by a formula using the number of part-time students enrolled at each participating school.

From Fiscal Year 1978 to 1983, the program was funded by a line-item appropriation to the Coordinating Board. The 1983 Legislature consolidated the Part-Time Grant Program and the State Scholarship and Grant Program funding into a single line item. The legislation, however, allows the Board to continue the Part-Time Grant Program under the separate statutory mandate with a $300,000 annual allocation from the State Scholarship and Grant Program.

Status: In 1982-83 (Fiscal Year 1983), 1,245 students, or 1.9 percent of the part-time student enrollment, received awards under the Part-Time Grant Program. The total amount disbursed was $278,850, and the average award was $224. The allocation to campuses varied from $51 to Golden Valley Lutheran College to $138,553 to the University of Minnesota-Twin Cities. The allocation to eight of the 37 participating post-secondary institutions was less than $500. At 18 of the participating post-secondary institutions, fewer than 10 students received an award.

In 1982-83, over half (58 percent) the recipients registered for less than 20 percent of a full-year course load, the equivalent of seven or fewer credits. Their average award was $98 per student, and they received one-quarter (26 percent) of the total spending for the program. Less than 2 percent of the recipients registered for more than 80 percent of a full-year course load; these students received an average award of $916.

Almost three-quarters (74 percent) of the students receiving part-time grants in 1982-83 were undergraduates, 7 percent were graduates, and 19 percent "other." Many of the students in the "other" category were baccalaureate graduates enrolled in a certificate program such as accounting or in a second baccalaureate program.

In 1982-83 fewer part-time grants were awarded to students registering for half-time or larger course loads than might be anticipated on the basis of registration levels of all part-time undergraduates. While 43 percent of the part-time students registering in a community college, for example, took more than a half-time course load, only 16 percent of the part-time grants were awarded to this population. A similar situation existed in all systems for which data were available.

During 1983-84 (Fiscal Year 1984), 1,104 students received grants averaging $251. A total of $277,025 was distributed to 32 participating institutions. The largest allocation was to the University of Minnesota—Twin Cities—$125,209; the smallest allocation went to Faribault AVTI—$44. Six institutions received less than $1,000. The Community College System accounted for the most awards with 544 students receiving 27.1 percent of the part-time award dollars. The University of Minnesota system accounted for the most dollars awarded, $148,530, or 53.8 percent of the total.

The Board staff in 1984 conducted a study of financial aid for part-time students.[8] The staff paper examined the current population of part-time students, reviewed the availability of aid for part-time students and identified three alternative approaches to meeting the financial needs of these students. The three models were evaluated on the basis of how well they fulfill four criteria—equality of opportunity, fairness, responsiveness and accountability (See Chapter II.B.4).

Recommendations: The entire set of Board financial aid recommendations affecting part-time students is described in Chapter II.B.4.

Specifically, with regard to the Part-Time Grant Program, the Board recommends that it be modified in Fiscal Year 1987 by:

limiting grant eligibility to students who are registered for fewer than six credits, or the equivalent, per term, and to new or returning students who are registering for at least six credits but fewer than 12 credits, or the equivalent, during the first term after revision of the program statute in which they apply for a state grant;

making all other eligibility criteria consistent with those of the State Scholarship and Grant Program;

requiring each post-secondary institution to adopt a need analysis that is consistent with an institution's overall financial aid policy and considers both the student's educational budget and resources.

The Board recommends that the 1985 Legislature appropriate $2 million to the existing Part-Time Grant Program in Fiscal Year 1986 and $2 million to the program, as modified, in Fiscal Year 1987.

Rationale: Making the eligibility criteria consistent between the State Scholarship and Grant and Part-Time Grant Programs would ensure that the same standards apply to all students, regardless of their registration level. By delegating the responsibility for need analysis and delivery, the post-secondary institutions would be able to respond more quickly to the needs of students registering for less than half-time course loads. For new students registering for between six and 11 credits who need a quicker response than is possible with the State Scholarship and Grant Program, post-secondary institutions would be able to determine award size and make the initial grant disbursement. The student would then have all the information needed to make the initial enrollment decision. This would alleviate the most significant shortcoming of the State Scholarship and Grant Program, its inability to respond quickly.

This recommendation would eliminate eligibility for graduate, professional, and post-baccalaureate undergraduate students. Also, this recommendation would allow post-secondary institutions to consider educational expenses beyond tuition and fees, an important consideration for many lower income students.

The increase in funding from $300,000 in Fiscal Year 1985 to $2 million in 1986 would enable the campuses to better serve part-time students, a group that now has limited access to state assistance. The $2 million appropriation in Fiscal Year 1987 would coincide with the implementation of revisions in the Part-Time Grant Program to students registered for six to 11 credits. The need for changes in these programs and additional funding for them was documented in the Board's 1984 study of financial aid for part-time students.

c. Veterans' Dependents Student Assistance Program

Objective: To pay the tuition and fees for Minnesota post-secondary students who are dependents of veterans declared prisoners of war or missing in action after August 1, 1958.

Statutory Authority: *Minn. Stat.* Section 197.752 *(1983 Supplement).*

Background: The Veterans' Dependents Assistance Program pays tuition and fees for students enrolled in any public post-secondary educational institution in Minnesota if they are dependents of Minnesota veterans who, while serving in the United States Armed Forces, were declared prisoners of war or missing in action after August 1, 1958. A dependent who enrolls as an undergraduate in any private Minnesota post-secondary institution shall be entitled to payment by the state of tuition and fees at a rate not to exceed $250 per year for so long as the dependent is eligible to attend the institution and is working toward a bachelor's degree or certificate of completion.

Recommendation: The Board recommends that the 1985 Legislature appropriate no funds for the 1986-87 biennium, but that the Board be given authority to use refunded Scholarship and Grant Program funds should there be a need by eligible students.

Rationale: The program is rarely used and can be administered effectively in the manner proposed.

d. Minnesota Work-Study Program

Objective: To assist students in meeting their financial needs, to provide students with valuable work experiences, and to provide non-profit service agencies, handicapped persons, and persons over 65 with student assistance at low cost.

Statutory Authority: *Minn. Stat.* Sections 136A.233-136A.235 (1984).

Background: The state Work-Study Program was created by the 1975 Legislature to supplement the Federal Work-Study Program. The program provides opportunities to undergraduate and graduate post-secondary students enrolled in public and private colleges and vocational schools in Minnesota.

Student earnings typically range from $100 to $2,500 per year depending on the number of hours worked and the hourly rates. Federal and state minimum wage laws apply.

Funds are allocated to institutions starting in July of each fiscal year based upon estimated use by the institutions in the previous year. If all funds allocated to institutions are not used, they are returned to the Board and reallocated to institutions that need additional funds.

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[8] Minnesota Higher Education Coordinating Board, *Financial Aid for Part-Time Students* (September 1984).

Eligible participants are Minnesota residents enrolled full-time in a Minnesota post-secondary institution which is eligible for the State Scholarship and Grant Program. Eligibility for participation is determined by using standard need analysis criteria.

Awards are made by the campus financial aid administrators to meet estimated student financial needs after considering:

1. The student's educational costs;
2. The availability of other federal and state aid.

The formula is as follows:

Estimated education costs	xxx
Less:	
Parental Contribution	(xxx)
Student Contribution	(xxx)
Other federal aid (Pell, NDSL, etc.)	(xxx)
Other state aid	(xxx)
Estimated Student Financial Need	xxx

This program differs from the Federal Work-Study Program in that the federal program, by employing stricter need criteria, targets its funds toward students from lower income families.

Under the state program, work-study can be used to replace the parental contribution in certain documented cases. The effect is to allow students from middle-income families who are denied assistance from their parents to earn sufficient income to pay the cost of attendance.

Institutions are required to make reasonable efforts to place work-study students in employment with eligible employers outside the institution. Eligible employers other than post-secondary institutions include: (1) non-profit, non-sectarian organizations, (2) handicapped persons, or (3) persons over 65 who employ a student to provide personal services in or about their homes. In Fiscal Year 1984, approximately 20 percent of the funds were issued for these types of off-campus positions.

The employer for whom the student works must pay at least 20 percent of the total salary costs. The Work-Study Program pays the balance.

Status: Work-Study appropriations for the current biennium are being used fully. In Fiscal Year 1984, approximately 7,300 students at 97 institutions participated in the program. Average earnings were $746. Funding levels for Fiscal Year 1984 and 1985 were $4,209,000 and $4,428,600. Most program participants were freshmen dependent upon parental support. A student was likely to have attended a state university, an AVTI, or a private four-year institution.

Recommendation: The Board recommends that the 1985 Legislature appropriate $4,428,600 for this program in Fiscal Year 1986 and $4,428,600 in 1987.

Rationale: The recommendation would allow for the same number of students as participated in Fiscal Year 1985 to use the program in 1986 and 1987. No increase in the minimum wage of $3.35 is anticipated. The budget request also anticipates continued high use of the program in view of the state's policy that students contribute 50 percent of their cost of attendance from work, savings, borrowing and other sources. Average earnings would be $687 in Fiscal Year 1986, and $681 in Fiscal Year 1987.

e. Minnesota State Student Loan Program

Objective: To improve access and choice of post-secondary education for Minnesota students by providing loans to assist them in paying for the costs of education.

Statutory Authority: *Minn. Stat.* Section 136A.14-142, 136A.15-136.179 (1984).

Background: The 1973 Minnesota Legislature authorized the Higher Education Coordinating Board to establish and administer a State Student Loan Program as a direct lending institution under the Federal Guaranteed Student Loan Program.[9] The state program is intended to provide access to guaranteed loans to all Minnesota residents and students attending eligible institutions who are unable to obtain loans from other sources (i.e., banks, savings and loan institutions).

Eligible students are Minnesota residents who are enrolled at least half time in post-secondary institutions located in Minnesota and other states or residents of other states who are enrolled at least half time in post-secondary institutions located in Minnesota; students must be in good academic standing and remain in continuous attendance during the loan period.

Eligible schools include all schools approved by the federal Department of Education; these are schools with which the Coordinating Board has a signed Institutional Agreement. Schools located outside of the continental United States are not eligible.

All loans are made by the Board through an eligible institution which acts as its agent. Each institution under contract with the Board must designate a representative responsible for assisting the Board by providing loan counseling. This representative has responsibility for conducting an origination interview, transmitting loan disbursements to students, and for notifying the Board when a student discontinues at least half time enrollment. Any institution failing to meet these responsibilities is suspended from participation in the program, pending certification from its chief executive assuring renewed compliance. No check is delivered to a student before the student has started school, and no payment is made for an expired school period. All loan applications must be approved by the institution representative, the Board, and the Higher Education Assistance Foundation before a guarantee is issued and money disbursed. If a disbursement has been made and the student does not attend school for the period for which the loan was made, the loan is determined to be immediately due and payable.

Students from families with incomes equal to or below $30,000 are eligible for loans with federal interest benefits. Students from families above $30,000 must provide family financial information to establish financial need.

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[9] The Guaranteed Student Loan Program was created by Title IV of the Higher Education Act of 1965.

TABLE IV.3.
STUDENT LOAN REVENUE BONDS ISSUED BY THE HIGHER EDUCATION COORDINATING BOARD AS OF JUNE 30, 1984

Revenue Bonds	Issue Amount	Issue Date	Due Date	Interest Rate	Status
I	$ 29,400,000.00	01-74	04-84	4.8	Matured
II	8,000,000.00	10-75	10-85	6.5	Escrowed
III	10,000,000.00	12-75	10-80	5.75	Matured
IV	37,200,000.00	04-76	04-78	5.25	Matured
V	37,000,000.00	10-77	04-80	4.2	Matured
VI	38,250,000.00	08-78	04-82 to 04-89	6.3	Escrowed
VII	100,000,000.00	09-79	04-82 to 04-89	6.14	Outstanding
VIII	55,000,000.00	08-80	04-83 to 04-92	6.98	Outstanding
IX	50,000,000.00	03-81	04-84	7.88	Matured
X	45,000,000.00	10-81	04-85	10.75 (plus variable)	Outstanding
XI	45,000,000.00	12-81	04-85	9.75 (plus variable)	Outstanding
XII	37,000,000.00	02-82	04-83 to 04-90	12.6	Outstanding
XIII	150,000,000.00	12-83	04-89	variable	Outstanding
TOTAL	$641,850,000.00				

TOTAL	$641,850,000.00
Less: Escrowed and Matured	(209,850,000.00)
Less: Matured 4-2-84	(30,000,000.00)
TOTAL OUTSTANDING	$402,000,000.00

SOURCE: Minnesota Higher Education Coordinating Board

Undergraduate and vocational students are eligible for loans up to $2,500 per academic year and $12,500 cumulative maximum. Graduate and professional students are eligible for loans up to $5,000 per academic year with a $25,000 cumulative maximum.

The interest charged will vary depending on when the student first borrowed. Interest is charged at the rate of 7 percent to students who commenced borrowing prior to January 1, 1981. The rate is 9 percent for students who started borrowing after January 1, 1981. Initial borrowers after September 13, 1983 are charged 8 percent.

Interest charges accrued are paid by the federal government for eligible students directly to the lender during the time the student is in school and also through a grace period. To help offset the interest costs to the federal government, an origination fee was instituted in 1981. Borrowers must pay a 5 percent fee to the lender who deducts it from the amount of interest billed by the federal government. This fee is deducted from the loan amount.

Repayment of principal amounts is deferred until the student completes his or her education. A grace period of six to nine months is provided to allow the student to find employment. If a student drops out of school before graduation, repayment of the principal amount commences 6 to 12 months after the date the student leaves school. The period before repayment is six months for 8 and 9 percent loans and 9-12 months for 7 percent loans. Repayment can be scheduled for up to a maximum of 10 years. The Coordinating Board's experience is that most students repay their loans within eight years.

Repayment of principal and interest amounts is processed for the Coordinating Board by the Hemar Service Corporation on a contractual basis.

Funding for the State Loan Program is accomplished in three ways:

1. **Issuance of Revenue Bonds**: The primary source of funding is through the issuance of tax-exempt revenue bonds. The bonds are authorized by the state of Minnesota up to $550 million. The bonds are issued by the Higher Education Coordinating Board. They are obligations of the Board and do not carry the "full faith and credit" of the state. Table IV.3 presents a history of bonds issued by the Higher Education Coordinating Board and outstanding as of June 30, 1984. The present and projected bond ceiling status is presented in Table IV.4.
2. **Secondary Market Services**: A second source of funds is through the secondary market through which student loans are purchased directly from the Coordinating Board or forward commitments are issued to purchase loans. The Coordinating Board has entered into agreements with the Student Loan Marketing Association (SLMA) and two local banks. These transactions make additional capital available for the Board to make loans.

   The SLMA is a U.S. chartered private corporation created by the 1972 Amendments to the Higher Education Act of 1965. The purpose of the SLMA is to provide liquidity to banks and other lenders in the Guaranteed Student Loan Program. The SLMA develops such liquidity by purchasing loans or entering into commitment agreements.

   The major source of funding for SLMA activities through 1981 had been through the issuance of debt obligations by the Federal Financing Board. Curent funding requirements are accomplished by issuance of debt securities in the private capital markets.

   Under the terms of an agreement entered into by the Coordinating Board, the Higher Education Assistance Foundation (HEAF), and the SLMA on August 14,1979, the SLMA will purchase, at the Coordinating Board's option,

TABLE IV.4.
MINNESOTA STATE STUDENT LOAN BOND CEILING PROJECTED THROUGH JUNE 30, 1987

Current Bond Ceiling		$550,000,000
Deductions:		
Outstanding Issues (6-30-84)		
Guaranteed Student Loan	$402,000,000	
Medical Loan Program	2,905,000	(404,905,000)
Projected Bond Issues		
Student Education Loan Fund	60,000,000	(60,000,000)
Additions:		
Redemptions of Outstanding Issues		
1985	108,500,000	
1986	20,720,000	
1987	20,585,000	149,805,000
Projected Balance of Ceiling Available at 6-30-87		$234,900,000

SOURCE: Minnesota Higher Education Coordinating Board

loans originated prior to June 30, 1984 in amounts not to exceed the following:

Period	Cumulative Amount
6-30-80	$ 45 Million
12-31-80	80 Million
6-30-81	100 Million
12-31-81	150 Million
6-30-82	175 Million
12-31-82	200 Million

As of June 30, 1984, the Coordinating Board had exercised approximately $50 million of its option to sell under this agreement.

The additional $150 million is committed to loans made under existing bond issues, and the Board can exercise its option to sell at any time.

Under prior agreements with the SLMA, a significant number of loans originated by the Coordinating Board was sold to the SLMA. The SLMA may, at its option, purchase any additional loans made by the Coordinating Board to individuals involved in those original sales. To date 96,987 loans totaling approximately $168 million have been sold in this manner.

The Coordinating Board also has entered into secondary market agreements with the local banks. In 1981, the Higher Education Coordinating Board entered into commitment agreements with the First National Bank of St. Paul and the Northwestern National Bank of Minneapolis in conjunction with the issuance of $90 million of short term tax-exempt bonds. In Setpember 1982, the Board entered into a master commitment agreement with the two banks totaling $150 million ($75 million each) to provide the necessary liquidity for bond sales through 1984. Under the terms of these agreements, upon maturity of the applicable bond issues, the two banks either will purchase the notes or provide alternative financing to the Board to enable it to meet its repayment obligations. Since the short-term bonds mature three to five years before the normal student repayment period ends (8-10 years), it has been essential for the Board to secure these agreements to assure bondholders that the bonds will be paid at maturity.

In December 1983, the Board completed a $150 million bond issue and as provided by the master commitment agreement described above, entered into a $127.5 million ($63.75 million with each bank) commitment agreement. The balance of $22.5 million ($11.25 million with each bank) of the master commitment agreement was canceled.

3. **Earnings**: A third source of funding is the earnings generated by the operation of the programs. These include (1) interest on temporary investment of the proceeds of revenue bond issues, (2) the interest on loans while the student is in school which is provided by the federal government, and (3) special allowance payments by the federal government to lenders to encourage their participation.

   In August 1978 the Board issued $38,250,000 in bonds due serially from 1982 through 1989. Under the terms of this issue, relending of program principal earnings was prohibited specifically until the following conditions were met: (1) the principal amount of the August 1978 bond issue was escrowed, (2) one year's interest expense on subsequently issued bonds and one year's program operating expenses were accumulated in the debt service fund.

   In January of 1982, the Higher Education Coordinating Board issued $37,000,000 of tax-exempt revenue bonds to refund the $38,250,000 issue of August, 1978. This action was a milestone in the program as it eliminated the bond convenants prohibiting relending contained in the 1978 issue referred to above. The Board can now relend to students the repayments of loan principal and interest in excess of the debt service requirements of the other outstanding issues. This source of funding is expected to grow in significance. As of June 30, 1984, aproximately $85 million, or 18 percent of program earning assets, had been funded from this source.

In December 1983 the Board sold $150 million in tax-exempt revenue bonds to First National Bank of St. Paul, Norwest Securities of Minneapolis, and Bankers Trust of New York.

The bonds are variable rate demand bonds that mature in April 1989. The interest rate is set weekly by Bankers Trust of New York based on a tax exempt note rate index (TENR) that fluctuates within a band from 5½ percent on the low end to 14 percent on the high end. During the period December 1983 to June 1984 the TENR rate averaged 5.8 percent. Security for the bonds comes from several sources.

The Board, to provide security for this issue, entered into a commitment agreement with The First National Bank of St. Paul under which the bank agreed to purchase, not less than 30 days prior to April 1989, up

TABLE IV.5.
SUMMARY OF HECB LOAN VOLUME, FISCAL YEARS 1980-1984

Fiscal Year	Est. Student Pool[1]	Number of Loans	Percent of Pool	Avg. Loan Size	Total Loans (Millions)
1980	189,000	18,856	15	1,784	51.5
1981	199,000	49,246	25	1,903	93.7
1982	200,000	41,773	21	2,067	86.3
1983	202,000	33,168	16	1,935	64.4
1984	210,000	26,732	13	2,024	53.9

[1] Source: HECB enrollment surveys. Includes an estimate of Minnesota students attending non-Minnesota institutions.

to $127.5 million of eligible notes held by the Coordinating Board or to provide additional financing to pay the bonds. Since the bonds mature in 5½ years, it was necessary to provide a way to repay bondholders prior to repayment of loan funds by students. This commitment is similar to agreements used in previous bond issues involving the First National and Norwest Securities.

Under the terms of the issue, bond holders may exercise a put option with not less than seven days written notice to demand payment of the principal and accrued interest.

Bankers Trust of New York will serve as a remarketing facility to provide liquidity for bondholders and enable the Board to remarket any bonds put by bondholders.

Under a standby commitment, the three banks that are underwriting the bonds have agreed to serve as a credit facility to insure that funds are available should bondholders exercise their seven day option and Bankers Trust not be able to remarket the bonds.

Since inception of the program in 1974, all administrative expenses, in addition to debt service on outstanding revenue bonds, have been paid from income generated by the program without the need for state appropriations.

Defaults: Under the terms of an agreement dated July 6, 1977, loans made under the Minnesota State Student Loan Program are guaranteed 100 percent indefinitely by the Higher Education Assistance Foundation, a non-profit corporation which was created to insure loans against default in Minnesota. The Foundation's guarantee is reinsured by the federal government up to 100 percent with a minimum of 80 percent.

As of June 30, 1984, the Coordinating Board estimates its cumulative ratio of loan defaults to loans which have entered repayment since Fiscal Year 1977 to be approximately 12 percent.This compares favorably with the national average of all lenders in the Guaranteed Student Loan Program of 12 percent. This default rate is considerably higher than that experienced by private lenders participating in the programs for the following reasons:

The Coordinating Board program is a lender of last resort and therefore will make loans to students from families with no established banking connections.

The Coordinating Board makes no credit analysis of the borrower while the banking industry is more selective and lends only to the better credit risks.

Status: The Coordinating Board, in its role of lender of last resort, has been a major source of funding for Minnesota students, accounting for 25 to 60 percent of statewide loan volume over the past five years.

Since the authorization of the program in 1973, the Coordinating Board's policy has been to encourage as much private lender participation as feasible with the understanding that general economic conditions and regional needs will cause frequent shifts in private participation.

As indicated in Figure IV.1, the number of students applying to the program in Fiscal Year 1983 and 1984 continued to decline over the previous two years, reflecting several factors:

1. In October 1981 federal regulations were amended to require students from families with incomes above $30,000 to submit family financial information to establish a financial need for the loan. This reduced the number of loans advanced by the Board but had a lesser impact on aggregate lending due to the increase in average loan size.
2. The number of private lenders participating in the program in Minnesota has been increasing. Several major private lenders significantly increased their participation to offset the effects of the economic slowdown during the period. Table IV.5 summarizes trends in loan volume. Figures 1 and 2 illustrate number of applicants and loan disbursement patterns over this period.

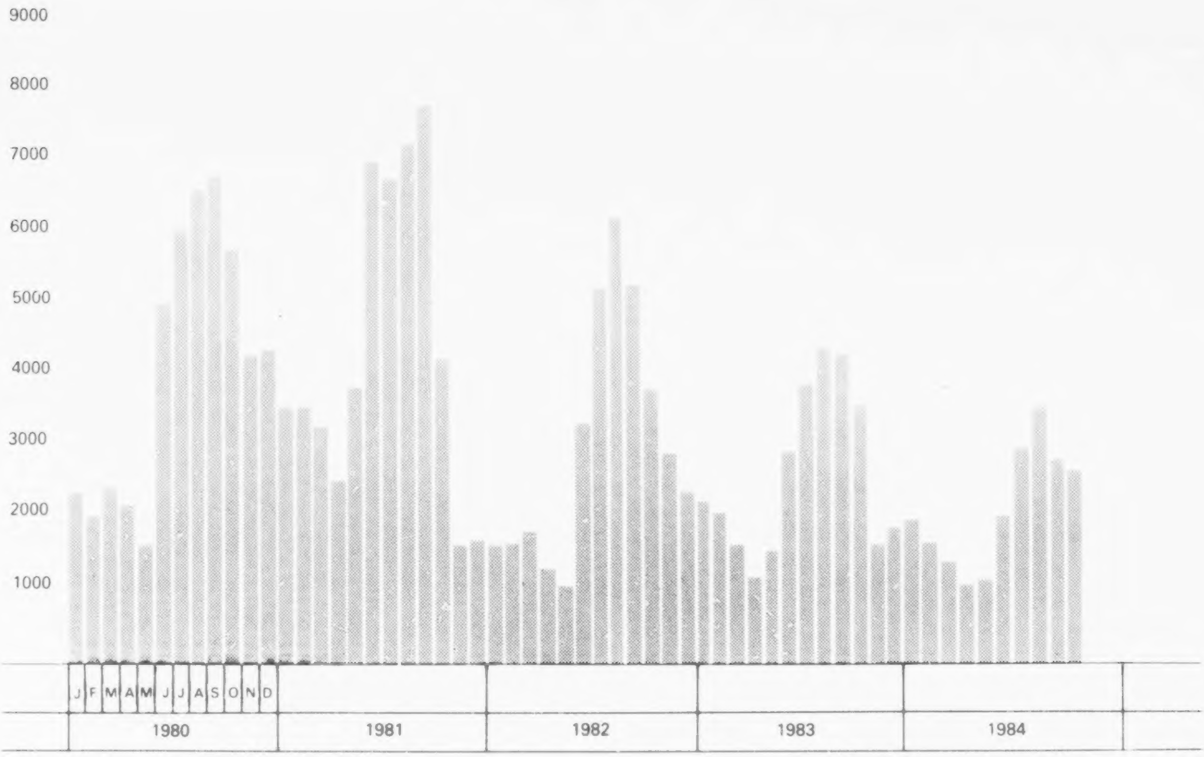
Recommendation: The Board recommends that this program be retained under current policy and guidelines and that no state funds be requested.

Rationale: No state appropriations are required for this program. The legislature, however, does make decisions on the level of bond authorization. In 1981, the legislature increased the Board's authorization from $300 million to $550 million. With a bond ceiling balance of $234,900,000 projected for the end of the 1985-87 biennium, the need for additional bonding authorization is not anticipated.

Although loan financing does not require state appropriations, it remains

FIGURE IV 1

NUMBER OF APPLICATIONS RECEIVED UNDER MINNESOTA STATE STUDENT LOAN PROGRAM, 1980-1984



a critical component of how students and their families finance their education.

Because the State Loan Program is a lender under the federal Guaranteed Student Loan Program, the state is dependent upon federal actions. For example in 1981, the federal Omnibus Budget and Reconciliation Act instituted the $30,000 income threshold which restricted eligibility. In 1984, Congress placed a cap on all future tax exempt financing, including student loans. The cap is equal to $150 per person in the state. This is not expected to have a significant impact on the Coordinating Board program for several years for the following reasons:

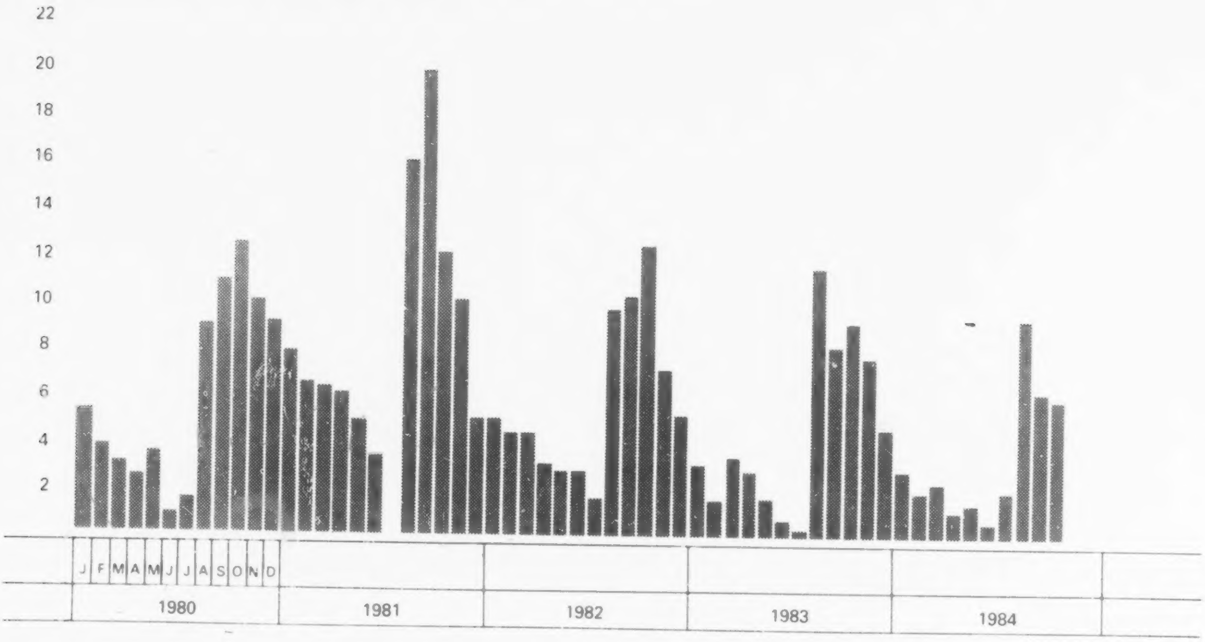
The private sector is assuming a growing share of the student loan market in Minnesota.

The Coordinating Board has funds on hand sufficient to satisfy anticipated demand for the next three to four years.

Additional funding is available to the Board other than by the sale of bonds through the sale of loans under existing commitment agreements with Sallie Mae, the First National Bank of St. Paul, and Norwest Corporation.

FIGURE IV.2

$ AMOUNT OF LOANS (MILLIONS) UNDER
THE MINNESOTA STATE STUDENT LOAN PROGRAM,
1980-84



As future federal administrations attempt to reduce large and growing federal deficits, it is possible that further restrictive program changes could be adopted to lower federal expenses.

f. Student Educational Loan Fund

Objective: To help students pay for their education beyond high school, particularly students who are ineligible for subsidized federal student loans and students who need to borrow more than is allowed under existing loan programs.

Statutory Authority: *Minn. Stat.* Section 136A.14-136A.1701 *(1983 Supplement).*

Background: Based on its study of student borrowing needs and options, the Coordinating Board in May 1984 directed staff to pursue the development, funding, and implementation of a new, supplemental loan program with a target date of fall 1984.

This program is part of Minnesota's overall financial aid policy which provides grant assistance to students from families with limited financial resources but also requires students to contribute toward their education through savings, work or borrowing.

The program assists (1) students who are ineligible for other forms of aid due to family income levels, (2) students whose financial aid packages do not cover the total cost of attendance, (3) students who encounter exceptional or unexpected problems in meeting total costs of attendance, and (4) graduate and professional students who have limited access to financial aid programs. It also assists Minnesota residents attending out-of-state institutions, who are ineligible for state scholarships and grants and out-of-state residents attending Minnesota institutions.

Program Features: Following is a description of the features of the program based on planning through November 1, 1984:

Eligible institutions are those that have a signed agreement with the Higher Education Coordinating Board listing the duties and responsibilities of both the institution and the Board. The institution must be located in the continental United States or its territories. It must be eligible under Federal Title IV financial aid programs.

Eligible students include the following:

Students enrolled or accepted for enrollment in an eligible post-secondary institution.

Undergraduate, graduate and vocational students enrolled on at least a half-time basis as defined by the institution for the Guaranteed Student Loan Program (GSL).

Minnesota residents enrolled in institutions located in the continental United States or its territories. Out-of-state residents enrolled in eligible Minnesota institutions.

Students enrolled in a program leading to a post-secondary certificate or an associate, baccalaureate, or graduate degree.

Students enrolled and making satisfactory progress as defined by the institution for the GSL program.

Students not in default on any prior obligations to any school, federal, or state student loan program.

The financial aid officer at the campus the student attends or plans to attend determines the student's maximum eligibility and recommends a loan amount The loan amount is the cost of attendance as defined by the institution minus other financial aid that the student has been awarded or is eligible to receive, or $4,000 or $6,000, whichever is less. The supplemental loan, in combination with student aid from all known sources, cannot exceed the cost of attendance at the institution. The cost of attendance is the total amount it costs the student to attend a school. Typically included are such items as actual tuition and fees, room and board, and estimates of such expenses as books, transportation, medical, day care and dependents' allowances.

Cost of Attendance		$xxx
Less available financial aid		
Federal (loans and grants)	$xx	
State grants	xx	
Institutional assistance	xx	
Private assistance	xx	xx
Supplemental loan amount		$ xx

Individual loans are subject to the following limits:

Undergraduate students can borrow a maximum of $4,000 per year from the supplemental loan program not to exceed an aggregate indebtedness from all loan sources of $4,000 times the number of years in school or $16,000, whichever is less.

Graduate students can borrow a maximum of $6,000 per year from the supplemental loan program not to exceed an aggregate indebtedness of $25,000 to the borrower, including undergraduate debt.

The minimum loan size is $1,000.

Students enrolled in vocational programs can draw loan funds for up to three years while students enrolled in academic programs can draw loan funds for up to eight years. Students who have completed these periods must begin repaying their loans regardless of whether they have completed their academic program.

The borrower must pay interest on the loan. The interest rate is variable and depends on the cost of providing loan funds for the program through the sale of bonds. The rate is adjusted weekly. The interest rate is likely to be higher than the rate charged on a federal GSL (7-9 percent) but well below the rate of a private commercial loan.

Borrowers also are charged a fee to indemnify the program against standard risks. This guarantee fee on average will not exceed 10 percent of the face value of the loan. It is deducted from the loan amount when the loan is disbursed.

All borrowers must obtain a co-signer. Co-signers may include someone from the student's immediate family or other interested third parties. The co-signer must have demonstrated through past performance that he or she has not had difficulty in repaying debts. The Coordinating Board will verify the credit-worthiness of co-signers by checking information available through credit bureaus located in Minnesota and elsewhere.

Payment of interest will be on a quarterly basis while the student is in school. Interest payments will begin within 90 days of disbursement of the loan check. The borrower may, however, also pay the principal while in school. For the first 12 months after graduation or termination of study, the borrower will pay interest on a monthly basis. Payment of principal and interest will be monthly starting on the 13th month after graduation or termination of study.

A third option may allow students to defer and accrue both interest and principal payments while in school and not have to begin repayment until after graduation or after termination of study. This option will be available if the Coordinating Board is able to obtain funding for it.

The maximum repayment period is 10 years from the end of the student's 12 month transition period, or December 31, 1999, whichever is less. A shorter repayment period may be arranged. The borrower's supplemental loans will be consolidated into a single payment when he or she enters repayment of principal and interest. Borrowers are encouraged to repay as quickly as possible. There is no penalty for prepaying loans. Incentives may be developed in the future to encourage prepayments.

If the borrower who has terminated study is delinquent in payment beyond 120 days or has failed to meet any of the other conditions of the loan, the repayment responsibility will shift to the co-signer. The program's guarantor will then take one or more of the following actions:

Work to effect repayment through the Minnesota Revenue Recapture Act. Under this law, the borrower's state income tax refunds can be diverted to repay amounts owed to the state.

Take legal action against the borrower for repayment.

Take legal action against the co-signer for repayment.

Borrowers cannot have their loan obligations discharged through bankruptcy for five years after leaving school. Federal bankruptcy laws exclude from discharge, loans made by a state agency.

Security for the program against the risks of death, default, and disability is provided by the Higher Education Coordinating Board in conjunction with a nationally rated consortium of reinsurors.

Funding: The program is funded from the following sources:

Issuance of tax-exempt revenue bonds. Legislative authority for the issuance of bonds is subject to the limitation of $550 million authorized for Minnesota student loan programs.

Program earnings in excess of program operating expenses and debt service requirements.

Partnerships. The program has been designed to accommodate partnerships that would be consistent with the program's public purpose. Board staff has been exploring possible partnerships.

Tax-exempt funds were selected as the preferred financing option by the Board in June 1983 because they would provide loan capital at the lowest cost of funds. Without the low cost of funds provided through the sale of tax-exempt bonds, it might not be feasible to develop a program that would break-even financially and still provide loan capital at an attractive rate. By statute no state funds can be used for the program.

In August 1984, the Coordinating Board authorized the preparation of a revenue bond issue not to exceed $60 million. Federal legislation passed in the summer of 1984 limits tax exempt financing but allows Minnesota and 13 other states to issue tax-exempt debt to fund supplemental student loan programs through December 1985. The bond sale was to be acted on by the Board in December 1984.

Also in August 1984 the Board authorized its executive director to initiate negotiations with Kidder-Peabody and Mitsubishi Bank to provide underwriting and credit support for the bond issue.

Some partnerships would be vital to the potential success of the program. Such a partnership would include:

A Fund to Cover Deferred Interest Payments. Success of the program may require that students be allowed to defer principal and accrued interest payments while in school. Some students who could benefit from the program might not be able to make payments while in school, and thus, without the option to defer interest and principal payments might either not borrow at all or borrow but become delinquent in payments.

Without these payments, however, the program initially would not have a sufficient income flow to meet its administrative costs or interest payments on bonds. A partnership could be developed to meet this short-term cash flow problem.

Some other partnerships would be useful but would not be as essential to the success of the program. Such partnerships might include the following:

Prepayment of Indebtedness. Partnerships could be developed by industries, the state, foundations, or others to prepay portions of a borrower's indebtedness. Payment of principal and/or interest might be paid for specific reasons, such as accepting employment in specific industries, fields of work, or geographic areas.

Payment of Interest and Fees. Partnerships could be developed by educational institutions, the state, foundations, or others to pay students' interest charges and loan fees while they are in school. This could be part of a school's overall financial aid policy or selectively applied to certain categories of students.

g. Medical and Osteopathy Loan Program

Objective: To provide financial assistance to medical and osteopathy students who agree to practice in rural communities in Minnesota designated as areas in need of medical doctors or osteopaths.

Statutory Authority: *Minn. Stat.* Sections 147.30-33 (1984).

Background: The Medical and Osteopathy Student Loan Program was created by the 1973 Legislature to provide assistance to Minnesota students in medicine or osteopathic medicine who intend to practice in rural areas in Minnesota that have physician shortages. Up to 24 students may enter the program each year. Each student may borrow as much as he or she requires to meet educational expenses, up to $6,000 per year and up to $24,000 in total while pursuing a medical or osteopathy degree. Interest charged is 8 percent per year from the time the loan is made. The student's obligation to repay the loan principal and accrued interest is deferred until residency requirements are completed. Participants are selected by the Coordinating Board based upon recommendations by the Board of Medical Examiners. Annually, the Board approves a list of communities in Minnesota which are designated as areas with physician shortages.

Loan recipients may apply to the Board for forgiveness of both interest and principal when they complete their training. If they practice in an approved area of medical shortage for a specified period of years (18 months for each year in the loan program up to a maximum of five years), the loans are forgiven. Otherwise, repayment of both interest and principal is required.

The Medical and Osteopathy Student Loan Program is funded by the sale of revenue bonds, as is the State Student Loan Program. The ceiling on the Board's bonding authority affects this program as well as the State Student Loan Program. State appropriations are required to cover (a) deferred interest and principal payments and (b) debt service requirements of those graduates who elect to practice in underserved rural areas and are granted loan forgiveness. Other revenue sources are interest earnings on temporary investments.

Status: Revenue bonds totaling $3.5 million have been issued to provide loans to medical and osteopathy students. From the start of the program through June 30, 1984, 612 loans to 201 students totaling $3,454,410 had been made. As of December 30, 1984 three of these students were still in school; 59 were in residency, 97 had paid or were repaying their loans, rather than practice in rural areas, and 40—or 29 percent of those who had entered medical practice—had established rural practices and were canceling their loan obligations, and two had not made a decision.

Since December 1982 the Board has used the federal list of Primary Care Manpower Shortage Areas in Minnesota—with the exception of the five county metropolitan area. The list is prepared annually by the U.S. Health Resources Administration's Bureau of Health Professions. The Board voted to exclude Anoka, Dakota, Hennepin, Ramsey, and Washington counties because the purpose of the program is to provide incentives to practice in medically underserved rural areas of Minnesota.

The 1981 Legislature appropriated $81,000 for Fiscal Year 1982 and $222,000 for Fiscal Year 1983 to cover debt service needs in excess of program earnings. Also, the legislature approved the Board's recommendation to phase out the program by not admitting any new participants after June 30, 1981. The Board recommended that the state consider other more direct and cost effective options to provide incentives for the placement of physicians in designated areas.

The 1983 Legislature appropriated $115,000 to pay bond principal in excess of program earnings for revenue bonds that are maturing.

In August 1983 the Board approved a bond sale of $85,000 to complete the Board's obligation to students currently in the program. The program is expected to terminate by June 30, 1989, when all outstanding bonds will be paid.

Total debt service requirements are expected to be $868,700 in Fiscal Year 1986 and $208,200 in 1987.

Interest earnings and repayment of loan interest and principal are expected to supply sufficient funds to meet the bond interest obligations of all but $95,000 in Fiscal Year 1986 and the entire amount in Fiscal Year 1987.

Recommendation: The Board recommends an appropriation of $95,000 for Fiscal Year 1986 to pay bond principal on revenue bonds that are maturing.

Rationale: The program will be continued to be phased out by completing all interest and principal payments on outstanding bonds as they become due. An appropriation request for $95,000 would pay bond principal, in excess of program earnings, for the revenue bonds that are maturing.

2. Interstate Tuition Reciprocity

Objective: To increase access and choice for Minnesota post-secondary students, to encourage the maximum use of educational facilities, and to minimize duplication of educational efforts among participating states and institutions.

Statutory Authority: *Minn. Stat.* Section 136A.08 (1984), *Minnesota Laws for 1984*, Chapter 654, Article 4, Section 3c.

Background: Authorization to enter into reciprocity agreements with neighboring states was one of the first responsibilities assigned to the Higher Education Coordinating Board. Implicit in this authority is recognition that opportunities for post-secondary education should extend beyond state boundaries and that historically states have tended to develop systems of post-secondary education unilaterally without regard to the post-secondary education facilities and programs in contiguous states. The reciprocity agreements have resulted in expanded educational choice for students, the limitation of unnecessary duplication of programs and facilities across state boundaries, and reduced cost to the Minnesota taxpayer.

A limited agreement with Wisconsin was initiated in fall 1969 and expanded each subsequent year until 1973 when a comprehensive agreement was implemented involving any resident in either state attending public post-secondary institutions. The higher education reciprocity agreement has been linked to the existence of an income tax reciprocity agreement between the two states. Under the Wisconsin agreement, all University of Wisconsin System schools and Center System institutions are eligible. All Minnesota public post-secondary institutions are eligible.

A separate agreement with Wisconsin which provides similar benefits to AVTI students is administered by the State Board of Vocational Technical Education.

After several years of negotiation, the Coordinating Board achieved a reciprocity agreement with North Dakota which was implemented for the 1975-76 academic year. The North Dakota agreement encompassed all North Dakota public institutions except the locally-controlled junior colleges and all Minnesota public institutions except the public area vocational-technical institutes. In 1982, however, an agreement covering North Dakota junior colleges and Minnesota AVTIs was approved and it began July 1. This agreement was patterned after the existing higher education tuition reciprocity agreement in effect between the two states.

An agreement with South Dakota, similar to the North Dakota agreement, began with the 1978-79 school year. AVTIs are not included.

Two reciprocal agreements involving three post-secondary educational institutions in southwestern Minnesota and two colleges in northwestern Iowa also began in fall 1978. One agreement provides for tuition reciprocity between Pipestone AVTI, Jackson AVTI and Worthington Community College in Minnesota and Iowa Lakes Community College which has campuses in Estherville and Emmetsburg. The second agreement provides for tuition reciprocity between the same three Minnesota institutions and Northwest Iowa Technical College in Sheldon. Under the agreements, Minnesota residents may be eligible to attend the two Iowa institutions and pay Iowa resident tuition rates and fees. Residents of northwestern Iowa may be eligible to attend the three Minnesota institutions at resident rates. Efforts to obtain a statewide agreement with Iowa have been unsuccessful, but the limited agreements could provide a basis for further discussion between the two states.

The reciprocity programs cover full-time, part-time, undergraduate, graduate and professional students.

Reciprocal tuition agreements enable students to attend public post-secondary institutions in the neighboring states at tuition charges that are less than the nonresident tuition. A compensating payment is then made by the student's home state.

Wisconsin residents satisfactorily enrolled in the University of Minnesota School of Veterinary Medicine at the end of the 1982-83 academic year are allowed to continue their enrollment at the University of Minnesota under the same terms and conditions that govern all Wisconsin students in Minnesota institutions under the agreement.

Under the previous agreement, the University of Minnesota School of Veterinary Medicine was to accept 17-24 Wisconsin residents as entering first-year students into the professional veterinary medicine program. The admission quota provisions ended in Fiscal Year 1983 when Wisconsin admitted its first class in its new school of veterinary medicine.

Formulas included in the agreements with Wisconsin, North Dakota, and South Dakota allow Minnesota to calculate the number of students participating and compute the amounts that each state is to be reimbursed.

Under the 1973 Minnesota-Wisconsin agreement, the two states calculated the number of participating students and the difference between in-state and out-of-state tuition for those students. Because more Minnesota students were attending Wisconsin schools and Wisconsin non-resident rates were higher, Minnesota was paying Wisconsin about $600 more per student than Wisconsin was paying Minnesota.

In the spring of 1979, meetings between Minnesota and Wisconsin officials to renegotiate the agreement began. The objective was to ensure that the sum paid per student served be the same in both states. A new reimbursement approach resulted. It is based on the marginal cost of providing educational services to students participating in the program. Wisconsin receives reimbursement for a portion of institutional costs for each Minnesota resident attending a Wisconsin institution covered under the agreement. The Coordinating Board in October 1979 approved the new 10-year agreement, and it was ratified by Minnesota's public post-secondary systems and approved by the Wisconsin Legislature.

The agreement assured the continuation of income tax reciprocity for residents of Minnesota and Wisconsin who work in one state and live in the other. Under the tax reciprocity, taxpayers file only in their state of residence, and the two states calculate any necessary adjustments.

In its 1984-85 biennial budget request, the Coordinating Board recommended that ways to reduce the cost of the program be pursued while maintaining the principle of reciprocity.

In winter 1983 Governor Rudy Perpich initiated renegotiations of the agreements with the objective of (1) preserving the maximum level of educational opportunity for Minnesota residents, (2) reducing the costs of the programs, and (3) minimizing financial incentives for Minnesota residents to attend out-of-state institutions. With these objectives in mind, Coordinating Board staff worked with the governor's staff and representatives of the reciprocity states to renegotiate the agreements.

During 1984 discussions continued with South Dakota on the inclusion of AVTI students. The 1984 Minnesota Legislature adopted language stating that a resident of a state which borders Minnesota and which did not require nonresident tuition for vocational technical programs in the 1983-84 school year may attend an AVTI in Minnesota at Minnesota resident tuition rates for the 1984-85 school year. The nonresident must qualify under Minnesota law to attend the AVTI as if the non-resident were a Minnesota resident.

The legislation also directs the Coordinating Board to negotiate an interstate tuition reciprocity agreement with all bordering states that includes the area vocational technical institutes. If agreement cannot be reached for the AVTIs, the Board is to re-evaluate the entire post-secondary reciprocity agreement with that state.

Funding for the programs is provided by legislative funding to the Coordinating Board. Because Minnesota has been a net exporter of students under the programs, it annually has reimbursed the neighboring states.

Although the statute originally provided for payments from Minnesota to the three neighboring states as necessary under an open appropriation, the 1977 Legislature eliminated several open appropriations accounts, including those for reciprocity. The 1981 Legislature appropriated $5,300,000 for Fiscal Year 1982 and $5,669,000 for Fiscal Year 1983. The Fiscal Year 1982 funds were used to pay for services in the 1980-81 school year, and the Fiscal Year 1983 money paid for services in the 1981-82 academic year.

The 1981 Legislature gave the Board authority to use Fiscal Year 1983 appropriations in Fiscal Year 1982, if necessary. The 1981-83 biennial appropriation was about $8.7 million less than the appropriation for the previous biennium because of the 1979 renegotiation with Wisconsin. Based on the revised agreements, the 1983 Legislature appropriated $11.6 million to the Coordinating Board for the 1983-85 biennium. This included $6,850,000 for Fiscal Year 1984 and $4,800,000 for Fiscal Year 1985.

Following is a summary of the status of the agreements.

Minnesota-Wisconsin Agreement: Under the current agreement, which began in fall 1983, students attending a public higher education institution in the neighboring state pay approximately the average tuition that they would have paid at a comparable school in their home state. For example, an undergraduate student from Minnesota who attends the University of Wisconsin at Madison pays approximately the tuition rate charged at the University of Minnesota's Twin Cities campus. Before the current academic year, reciprocity recipients paid the resident tuition charged by the institution they attended. The intent of the current policy is to preserve the expanded opportunities provided through the reciprocity program, reduce Minnesota's net financial liability for the program, and eliminate the financial incentive for a Minnesota resident to go to a Wisconsin institution, simply because resident tuition is lower. AVTI students, as they did prior to 1983-84, pay the neighboring state's resident rate. This part of the agreement is administered by the State Board of Vocational Technical Education.

The current agreement is based on the premise that each state should be reimbursed for the marginal costs that it incurs to provide educational programs to students who are residents of the other state. Marginal costs are defined as those costs that fluctuate directly with student headcount. At present, marginal costs approximate 64 percent of total educational costs.

Reimbursement of marginal costs is provided from two sources, student tuition and the state. As noted above, students from each state pay to the institution of their choice a sum equal to the tuition they would have paid at a comparable institution in their home state. The balance of the marginal cost is paid by the state.

The Minnesota-Wisconsin tuition reciprocity formula is as follows:

No. of credits paid x cost per credit* = xxx
Deduct tuition paid by students (xx)
State liability xxx

Minnesota liability less Wisconsin liability = payment

*The cost per credit = 64 percent of the cost of education and is negotiated annually.

Participation Trends: Participation in the program by residents of both states has increased consistently over the past decade, as shown in Table IV.6. Overall participation has approximately doubled. Minnesota has been a consistent net exporter of students at about 2 to 1 ratio. The primary reason for this flow appears to be the availability of border institutions in western Wisconsin (River Falls, Stout, LaCrosse, Superior) to the large population centers of Minnesota located in the eastern part of the state (Duluth, Twin Cities and Rochester).

The new agreement, effective in 1983-84, does not appear to have significantly altered participation. The number of Minnesota residents in Wisconsin showed only a slight increase from fall 1982 to fall 1983 from 8,201 to 8,257, or .007 percent.

The number of Minnesota students attending UW-Eau Claire, UW-LaCrosse, UW-Madison, and UW-River Falls continued to increase while the number of students at UW-Stout, UW-Superior, and other Wisconsin institutions declined slightly. Meanwhile, the number of Wisconsin residents in Minnesota increased from 3,521 in fall 1982 to 3,525 in fall 1983, a gain of .001 percent. The largest number of Wisconsin residents, 2,027, attended the University of Minnesota-Twin Cities.

Participation in the vocational-technical programs is approximately equal in both states. In fall 1983 there were 521 Minnesota residents attending Wisconsin vocational schools and 585 Wisconsin residents at Minnesota AVTIs.

Payment Trends: A consistent net student outflow from Minnesota has required a payment by Minnesota to Wisconsin in each year of the program. Payments by Minnesota over the past decade have changed significantly from year to year due to renegotiation efforts aimed at reducing program costs. As a result, net costs per student have been reduced by 50 percent ($1,800 to $600) since 1975-76, reflecting the cost effectiveness of the program.

The Fiscal Year 1984 appropriation was used for activity in 1982-83 under the old agreement. Fiscal Year 1985 appropriations will pay for activity in 1983-84. The Minnesota payment under the first year of the new agreement was $2.8 million, a reduction of $2.5 million from the previous year.

Minnesota-North Dakota Agreement: Under the current agreement, which began in fall 1983, students attending institutions in the neighboring state pay a negotiated regional reciprocity rate that approximates the average of tuition rates in comparable institutions in both states. The agreement sets four clusters of student enrollment and tuition rates.

(1) Graduate and professional students and North Dakota undergraduates attending the Twin Cities campus of the University of Minnesota pay the resident rate of the state in which the institution is located.

(2) Undergraduate students enrolled in the Minnesota State University System, the University of North Dakota and North Dakota State University pay a rate based on the average of the resident rates at these institutions. North Dakota students attending the University of Minnesota's coordinate campuses at Crookston, Morris, Duluth, and Waseca also pay this rate.

TABLE IV.6
MINNESOTA-WISCONSIN PARTICIPATION AND BALANCE OF PAYMENT TRENDS, 1975-76—1983-84

Academic Year	75-76	76-77	77-78	78-79	79-80	80-81	81-82	82-83	83-84
Minnesota Residents in Wisconsin[1]									
UW-Eau Claire	287	339	444	576	748	905	943	1,040	1,064
UW-LaCrosse	442	519	648	706	801	827	863	866	924
UW-Madison	639	751	866	1,006	1,160	1,255	1,320	1,410	1,523
UW-River Falls	1,308	1,528	1,617	1,700	1,777	1,915	1,959	1,961	1,993
UW-Stout	927	1,095	1,326	1,466	1,513	1,740	1,859	1,899	1,823
UW-Superior	406	468	511	488	458	487	503	470	430
Other	196	268	362	393	435	461	522	555	500
TOTAL	4,205	4,958	5,764	6,335	6,892	7,590	7,969	8,201	8,257
Wisconsin Residents in Minnesota[1]									
UM-Duluth	148	224	233	198	214	271	296	292	290
UM-Twin Cities	1,105	1,408	1,691	1,756	1,890	1,842	1,984	2,055	2,027
Mankato State	90	106	107	104	105	101	144	144	138
Winona State	307	300	425	470	606	605	617	633	634
Other	210	244	253	274	317	317	354	397	436
TOTAL	1,860	2,282	2,709	2,802	3,132	3,136	3,395	3,521	3,525
Payments by Minnesota (millions)[2]	$4.2	$5.5	$6.8	$8.1	$4.1	$5.6	$3.9[3]	$5.3	$2.8
Net Cost Per Student (thousands)	$1.8	$2.1	$2.2	$3.2	$1.1	$1.3	$ .9	$1.1	$ .6

[1] Based on Fall Enrollments

[2] Funds for a year's activity come from the subsequent Fiscal Year appropriations. For example, the Fiscal Year 1985 appropriation is used for the 1983-84 program activity.

[3] Was $5.1 million prior to one-time adjustment of $1.2 million.

Source: Minnesota Higher Education Coordinating Board

(3) Undergraduate students in the following institutions pay a rate determined by averaging the resident rates at the schools in the cluster: North Dakota School of Science (Wahpeton), Dickinson State College, Mayville State College, Minot State College, Valley City State College, North Dakota State University-Bottineau, Bismarck Junior College, Lake Region Community College (Devils Lake), University of North Dakota-Williston Center, and community colleges in Minnesota.

(4) North Dakota students attending Minnesota AVTIs will pay the resident tuition rate at the Minnesota AVTI.

The payment formula for the Dakotas is as follows:

No. of credits earned x cost per credit* = liability
Minnesota liability less Dakota liability = payment

*Cost per credit approximates the average difference between resident and nonresident rates in comparable institutions in the two states.

This agreement is intended to be similar to that of the Wisconsin agreement. The program is preserved, Minnesota's net financial liability is reduced, and incentives for Minnesota residents to go out of state are moderated. The agreement also provides some incentives for North Dakota students to remain in North Dakota rather than to enroll in Minnesota institutions.

Participation Trends: Participation in this program by students from both states has grown at a rate faster than has occurred under Minnesota's other reciprocity agreements, as reflected in Table IV.7. Overall participation by North Dakota residents has more than quadrupled over the past decade with the largest concentration of students at Moorhead State University—2,333 in fall 1983. Participation by Minnesota students has more than tripled during the same period with most students attending the University of North Dakota and North Dakota State University.

Although Minnesota has been a net exporter of students, the inclusion of vocational technical students in 1982-83 has moderated the magnitude of the net outflow of students.

Under the new agreement, the number of Minnesota residents attending

TABLE IV.7
MINNESOTA-NORTH DAKOTA PARTICIPATION AND BALANCE OF PAYMENT TRENDS, 1975-76—1983-84

Academic Year	75-76	76-77	77-78	78-79	79-80	80-81	81-82	82-83	83-84
Minnesota Residents in North Dakota[1]									
University of North Dakota	735	1,012	1,106	1,400	1,404	1,801	1,900	2,276	2,308
North Dakota State University	765	1,151	1,444	1,633	1,798	2,031	2,255	2,530	2,588
North Dakota School of Science	206	274	293	324	362	459	457	524	453
Other	77	105	135	146	134	137	127	127	187
TOTAL	1,783	2,542	3,039	3,506	3,698	4,428	4,739	5,457	5,536
North Dakota Residents in Minnesota[1]									
UM-Twin Cities	100	142	182	195	235	254	256	262	222
Moorhead State	649	1,253	1,605	2,006	2,138	2,394	2,702	2,385	2,333
Other	98	149	199	218	261	271	286	282	329
TOTAL	847	1,544	1,986	2,419	2,624	2,919	3,244	2,929	2,884
MN Residents in ND Vocational[1]									
Bismarck J.C.								1	1
Lake Region CC								0	1
UND-Williston Center								0	0
TOTAL								1	2
ND Residents in MN Vocational[1]									
East Grand Forks								267	300
Moorhead								355	437
Other								59	102
TOTAL								681	839
Payments by Minnesota (millions)[2]	$ .7	$ .8	$ .8	$ .7	$ .8	$ .9	$1.0	$1.1	$ .2 (est)
Net Cost Per Student (thousands)	$ .8	$ .8	$ .8	$ .7	$ .8	$ .6	$ .7	$ .6	$ .1 (est)

[1] Based on Fall Headcount

[2] Funds for a year's activity come from the subsequent fiscal year appropriation. For example, the Fiscal Year 1985 appropriation is used for the 1983-84 program activity.

Source: Minnesota Higher Education Coordinating Board

North Dakota collegiate institutions has continued to increase, growing from 5,457 in fall 1982 to 5,536 in fall 1983—a gain of 1.4 percent. The number of North Dakota residents in Minnesota collegiate institutions, however, was virtually the same in fall 1983 as in 1982. The Minnesota AVTIs recorded a 23 percent increase in North Dakota residents between fall 1982 and 1983.

Payment Trends: As a net exporter of students over the years, Minnesota has paid North Dakota approximately $700,000 to $1.1 million per year. The payment for academic year 1983-84 payable in Fiscal Year 1985 is expected to be significantly less due to the new agreement negotiated in 1983. It is estimated that Minnesota will pay North Dakota $200,000 for activity in 1983-84 compared to the $1.1 million Minnesota paid North Dakota in Fiscal Year 1984 for activity in 1982-83 under the old agreement. Net costs per student are estimated to be $100 in 1983-84 compared to $600 in 1982-83.

Minnesota-South Dakota Agreement: The current Minnesota agreement with South Dakota is similar to that with North Dakota.

TABLE IV.8
MINNESOTA SOUTH DAKOTA PARTICIPATION AND BALANCE OF PAYMENT TRENDS, 1978-79—1983-84

Academic Year	78-79	79-80	80-81	81-82	82-83	83-84
Minnesota Residents in South Dakota[1]						
South Dakota State University	380	535	757	944	1,058	949
South Dakota State M&T	41	39	51	62	75	92
University South Dakota-Vermillion	40	66	82	94	120	114
Other	26	38	51	91	101	78
TOTAL	487	678	941	1,191	1,354	1,233
South Dakota Residents in Minnesota[1]						
UM-Twin Cities	136	223	295	335	368	342
Mankato State University	48	74	116	135	173	172
Moorhead State University	27	70	97	120	145	143
S.W. State University	38	61	91	114	117	179
UM-Morris	7	47	48	82	90	99
St. Cloud State University	19	24	47	54	63	71
Other	35	55	52	72	63	71
TOTAL	310	554	746	912	1,019	1,077
Payments by Minnesota (millions)[2]	$ .2	$ .2	$ .3	$ .4	$ .6	$ .1 (est)
Net Cost Per Student (thousands)	$1.1	$1.6	$1.5	$1.4	$1.8	$ .6 (est)

[1] Based on Fall Enrollments

[2] Funds for a year's activity come from the subsequent fiscal year appropriation. For example, the Fiscal Year 1985 appropriation is used for the 1983-84 program activity.

Source: Minnesota Higher Education Coordinating Board.

Students from each state pay a negotiated reciprocity tuition rate which approximates the average of tuition rates in comparable institutions in the two states. There are three clusters of enrollment and tuition rates as follows:

(1) Graduate and professional students and South Dakota undergraduates attending the University of Minnesota-Twin Cities pay the resident tuition rate of the state in which the institution is located.

(2) Undergraduate students attending the University of South Dakota (Vermillion), South Dakota State University (Brookings), the South Dakota School of Mines and Technology (Rapid City), and the University of Minnesota coordinate campuses (Duluth, Morris, Waseca, Crookston) pay the average of the resident rates at these institutions.

(3) Undergraduate students enrolled in the following institutions pay a reciprocity rate determined by averaging the resident rates at these institutions: Northern State College (Aberdeen), Black Hills State College (Spearfish), Dakota State College (Madison), Minnesota State University System, and Minnesota Community College System.

The basic premise is that each state should be reimbursed by the other state for the difference between the reciprocity tuition rate and non-resident tuitions. The payment formula is the same as the one illustrated above for the North Dakota program.

The objectives of the current agreement with South Dakota are similar to those for the North Dakota and Wisconsin agreements.

Participation Trends: Participation by South Dakota residents in Minnesota has tripled since the program began in 1978-79, as shown in Table IV.8. The largest number of South Dakota students—342 in fall 1983—attended the University of Minnesota-Twin Cities. Participation of Minnesota residents in South Dakota institutions has grown rapidly since 1978-79, also. By far the largest number of Minnesota students—949, or 77 percent of all participants in fall 1983—attended South Dakota State University in Brookings.

Overall, Minnesota has been a net exporter of students to South Dakota but at a much lower rate than to other states. The current ratio is 1.1 to 1, down from 1.6 to 1 in 1978-79.

In fall 1983 under the revised agreement, the number of South Dakota residents continued to increase—from 1,019 in fall 1982 to 1,077 in fall 1983, or 6 percent. Most of this growth was due to a 53 percent increase in the number of South Dakota students attending Southwest State University—from 117 students in 1982 to 179 in 1983.

Meanwhile, the number of Minnesota residents in South Dakota institutions declined for the first time in

TABLE IV.9
MINNESOTA-IOWA PARTICIPATION TRENDS
1977-78—1983-84

Academic Year	77-78	78-79	79-80	80-81	81-82	82-83	83-84
Minnesota Residents in Iowa[1]							
Iowa Lakes Community College	28	43	61	71	56	62	74
Northwest Iowa Tech. College	1	3	3	14	10	4	6
TOTAL	29	46	64	85	66	66	80
Iowa Residents in Minnesota[1]							
Jackson AVTI	15	53	51	54	46	66	73
Pipestone AVTI	7	20	5	7	12	17	13
Worthington Community College	34	36	96	125	50	48	43
TOTAL	56	109	152	186	108	131	129

[1] Based on Fall Enrollment
Source: Minnesota Higher Education Coordinating Board

fall 1983. The total declined from 1,354 in 1982 to 1,233 in fall 1983, a 9 percent drop. The largest decline was at South Dakota State University where 109 fewer Minnesota residents enrolled than in fall 1982.

Payment Trends: Minnesota has paid South Dakota in each year of the agreement, with costs ranging from $200,000 to $600,000. As a result of the renegotiations in 1983, Minnesota's Fiscal Year 1985 payment to South Dakota for activity in 1983-84 is expected to decline from $600,000 to approximately $100,000. The net cost per student, which increased substantially between 1978-79 and 1982-83, is estimated to drop from $1,800 in 1982-83 to $600 in 1983-84.

Iowa Agreements: These two agreements have remained unchanged since 1977.

Participation Trends: As indicated in Table IV.9, the number of participants from the two states has fluctuated over the past seven years, with 1980-81 being the peak year. The number of Minnesota residents at the two Iowa institutions fell from 85 in 1980-81 to 66 the next two years but increased to 80 in fall 1983.

The number of Iowa residents in the three Minnesota institutions peaked with 186 in 1980-81 and has fluctuated since with 129 students participating in fall 1983. Since 1980, the number of Iowa residents at Jackson AVTI has increased by 35 percent while the number of Iowa residents at Worthington Community College has declined by 65 percent.

Payment Trends: No funds are exchanged at the state level.

Summary: Table IV.10 summarizes actual and projected participation and fiscal trends since the 1978-79 school year.

The objectives of the 1983 renegotiations appear to be fulfilled. Opportunities for students to attend programs in neighboring states have been preserved while the state's financial liability is being reduced. Minnesota will pay the Dakotas and Wisconsin approximately $3.1 million in Fiscal Year 1985 based on activity during the 1983-84 school year. This would be a reduction from the $7.0 million which Minnesota paid in Fiscal Year 1984 for participation under the old agreement in 1982-83.

Despite the higher costs to Minnesota students in neighboring states compared to the old agreements, participation by Minnesota students has not changed significantly. The number of Minnesota students attending institutions in Wisconsin and North Dakota continued to increase in 1983-84, while the number attending South Dakota institutions declined. This may be because negotiations with South Dakota for 1983-84 were not completed until the summer of 1983, leaving students uncertain about whether reciprocity would be in effect in fall 1983.

Recommendations: The Coordinating Board recommends the following:

1. **That the 1985 Legislature appropriate $4,300,000 for Fiscal Year 1986 and $4,000,000 for Fiscal Year 1987. If an appropriation for either year is insufficient, the appropriation for the other year is available for it and any unexpended balance remaining in the first year shall not cancel but shall be available for the second year of the biennium.**
2. **That the staff pursue negotiations with Wisconsin and South Dakota to include the vocational sectors in the interstate agreements; and that negotiations with North Dakota and South Dakota be pursued aimed at adoption of the Wisconsin methodology in determining interstate payments under the agreements.**

Rationale: Minnesota's payments to neighboring states will continue to decline under the tuition reciprocity agreements, requiring an appropriation of $8.3 million in the 1986-87 biennium compared to $11.6 million in the 1984-85 biennium.

The major savings are anticipated from the following:

elimination of the payment of Minnesota

TABLE IV.10
ACTUAL AND PROJECTED PARTICIPATION AND FISCAL TRENDS UNDER TUITION RECIPROCITY PROGRAM, 1978-79 TO 1985-86

	Actual					Projected		
Academic Year	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86
Fiscal Year	1980	1981	1982	1983	1984	1985	1986	1987
Appropriations		$9,363,000	$5,300,000	$5,669,000	$6,850,000	$4,800,000	$2,700,000	$4,000,000
MN Payments to								
Wisc.	$8.1 m.	$4.1 m.	$5.6 m.	$3.9 m.[1]	$5.3 m.	$2.8 m.	$2.7 m.	$4.0 m.
N.D.	$700,000	$800,000	$900,000	$1 m.	$1.1 m.	$200,000 est.	0	0
S.D.	$200,000	$200,000	$300,000	$400,000	$600,000	$100,000 est.	$100,000	0
Total	$ 9 m.	$5.1 m.	$6.8 m.	$5.3 m.	$7 m.	$3.1 m.	$2.8 m.	$4.0 m.
MN Residents in Reciprocity States								
Wisc.	6,335	6,892	7,590	7,969	8,201	8,257	7,950	8,280
N.D.	3,506	3,698	4,428	4,739	5,457	5,536	6,353	6,836
S.D.	487	678	941	1,191	1,354	1,233	1,191	1,163
Iowa	46	64	85	66	66	80	80	50
Total	10,374	11,332	13,044	13,965	15,078	15,106	15,574	16,359
Reciprocity State Residents in MN Schools								
Wisc.	2,802	3,132	3,136	3,395	3,521	3,525	3,673	4,317
N.D.	2,419	2,624	2,919	3,244	3,610	3,723	3,717	3,720
S.D.	310	554	746	912	1,019	1,077	1,115	1,121
Iowa	109	152	186	108	131	129	130	130
Total	5,640	6,462	6,987	7,659	8,281	8,454	8,635	9,288
Net students	4,734	4,870	6,057	6,306	6,797	6,652	6,939	7,071
MN Cost per net student	1,901	1,047	1,123	840	1,030	466	403	565

[1] $3,096,880 before one-time adjustment of $1,184,409.

Source: Minnesota Higher Education Coordinating Board

to North Dakota pursuant to the 1983 agreement between the states.

reduction in payments to South Dakota due to student enrollment patterns; fewer Minnesotans are expected to attend South Dakota institutions and more South Dakota residents are expected to attend Minnesota institutions.

reduction in payments to Wisconsin due to student enrollment patterns and inclusion of AVTIs in the payment formula. The number of Minnesota residents attending Wisconsin institutions is expected to decline in Fiscal Year 1986 and then increase in Fiscal Year 1987. The number of Wisconsin residents in Minnesota is projected to increase in both years of the biennium.

Adoption of the Wisconsin payment methodology with the Dakotas would provide South Dakota institutions with the same cash flow, but a significantly larger amount would be paid by students and less by the state of Minnesota.

Including AVTIs in the South Dakota agreement would broaden the programs to increase access to and choice of opportunities for residents of both states and would comply with the legislative mandate passed in 1984.

The Board's support for this program recognizes its value to students and its cost-effectiveness to the state.

The availability of tuition reciprocity increases access to post-secondary educational institutions and programs for residents of participating states. With tuition reciprocity, it becomes more convenient for students, regardless of their economic or geographic status, to attend an institution which they believe will meet their needs.

Moreover, the presence of reciprocity expands the number of opportunities available for residents of participating states and allows them a wider choice of institutions and programs than they would have otherwise. Besides being able to choose from among 63 public and more than

TABLE IV.11
MINNESOTA-WISCONSIN
ANNUAL TUITION, 1984-85 RESIDENT, NON-RESIDENT AND RECIPROCITY RATES

	Rates		
	Resident	Non-Resident	Reciprocity
Wisconsin			
1. Doctoral Institutions (UW-Madison and Milwaukee)			
Undergraduate	$1,150	$4,062	$1,608[1]
Graduate	1,660	5,194	2,160
Law	1,660	5,194	2,648
Veterinary Medicine	5,443	7,955	3,898
Medicine	5,886	8,603	5,200[1]
2. University Cluster (Green Bay, Parkside, Eau Claire, LaCrosse, Oshkosh, Platteville, River Falls, Stevens Point, Stout, Superior, Whitewater)			
Undergraduate	980	3,462	1,208
Graduate	1,314	4,111	1,238
3. University Center System			
Undergraduate	865	3,168	1,013
Minnesota			
1. Doctoral Institutions (UMTC & UMD)			
Undergraduate	1,866[1]	4,947	1,150
Graduate	2,550[1]	5,100	1,660
Law	2,648	5,296	1,660
Veterinary Medicine			
1st & 2nd Years	3,898	7,795	5,443
3rd & 4th Years	3,898	7,795	3,898
Medicine	5,199	10,399	5,886
Dentistry	4,373	8,746	4,373
2. University Cluster Minnesota State Universities			
Undergraduate	1,289	2,578	980
Graduate	1,238	2,477	1,314
UM-Morris Lower Division	1,548	4,258	980
UM-Morris Upper Division	1,770	4,867	
3. University Center			
Minnesota Community Colleges[1]	1,013[2]	2,115[2]	865
UM-Crookston	1,548	4,258	865
UM-Waseca	1,548	4,258	865

[1] Tuition schedule for reciprocity and resident tuition may vary due to averaging, different tuition plateaus, annual credits and or rounding.
[2] $2 activity fee deducted.
Source: Minnesota Higher Education Coordinating Board.

100 private institutions in Minnesota, a state resident has increased opportunities to attend 27 public collegiate institutions in Wisconsin, 9 in North Dakota and 7 in South Dakota. Students can choose from among four state universities and a diverse array of quality programs. In addition, AVTIs are included in the agreement with Wisconsin and North Dakota.

The program provides an indirect economic benefit to students. This is particularly significant during a time of rising education and living costs.

The reciprocity program provides the potential for minimizing duplication of effort among states in programs. It also has the potential to increase the maximum use of educational facilities.

TABLE IV.12
MINNESOTA-NORTH DAKOTA
ANNUAL TUITION, 1984-85 RESIDENT, NON-RESIDENT AND RECIPROCITY RATES

	Rates		
	Resident	Non-Resident	Reciprocity
Category I			
All Minnesota & North Dakota graduate & professional students and North Dakota undergraduate students enrolled at the U of M-Twin Cities and Minnesota AVTIs pay the comparable rate of the state in which the institution is located.			
N. Dakota State U & U of North Dakota			
Graduate	$1,050	$2,100	$1,050
Law	1,094	2,188	1,094
Medicine—1st & 2nd Years	2,600	5,200	2,600
Medicine—3rd & 4th Years	1,834	3,668	1,834
Mayville State, Dickinson State, Minot State, Valley City, NDSU-Bottineau, North Dakota State School of Science	1,002	1,638	1,002
Minnesota State Universities			
Graduate	1,238	2,477	1,238
University of Minnesota—Twin Cities			
Undergraduate	1,866	4,947	1,866
Graduate	2,550	5,100	2,550
Law	2,648	5,296	2,648
Veterinary Medicine	3,898	7,795	3,898
Medicine	5,199	10,399	5,199
Dentistry	4,373	8,746	4,373
University of Minnesota-Duluth			
Graduate	2,550	5,100	2,550
Medicine	5,199	10,399	5,199
Minnesota AVTIs	980	1,960	980
Category II Undergraduates			
U of North Dakota	906	1,812	1,098
North Dakota State U.	906	1,812	1,098
Minnesota State Universities	1,289	2,578	1,098
U of M Branch Campuses	565	1,554	1,098
Category III—Undergraduates			
North Dakota Colleges (Wahpeton School of Science, Minot State, Dickinson State, Valley City State, Mayville State, Bottineau)	771	1,488	882
Bismarck JC	735	1,047	882
Lake Region CC	740	940	882
UND Williston Center	750	1,500	882
Minnesota Community Colleges[1]	1,013[1]	2,115[1]	882

[1] $2 activity fee deducted

Source: Minnesota Higher Education Coordinating Board

The presence of reciprocity helps create a strong educational marketplace in which institutions must strive to maintain and increase quality services in order to attract students. As a result of reciprocity, service to state residents is improved because the effectiveness of the total post-secondary education enterprise is enhanced.

The reciprocity programs have been successful in providing students with additional choices of educational programs. In fall 1983, 15,106 Minnesota students attended institutions

TABLE IV.13
MINNESOTA-SOUTH DAKOTA ANNUAL
TUITION, 1984-85 RESIDENT, NON-RESIDENT AND RECIPROCITY RATES

	Rates		
	Resident	Non-Resident	Reciprocity
Category I			
Graduate professional students pay the resident tuition rate of the state in which the institution is located. Undergraduate students attending the U of M Twin Cities pay the resident tuition rate at that institution.			
U of South Dakota-Vermillion, South Dakota State University, South Dakota School of Mines & Technology			
Graduate	$1,104	$ 2,136	$1,104
Medical	5,200	10,800	5,200
U of M-Twin Cities			
Graduate	2,550	5,100	2,550
Professional	2,550	5,100	2,550
Dentistry	4,373	8,746	4,373
Medicine	5,199	10,399	5,199
Law	2,648	5,196	2,648
Veterinary Medicine	3,898	7,795	3,898
Undergraduate	1,866	4,947	1,866
U of M-Duluth			
Graduate	2,550	5,100	2,550
Medicine	5,199	10,399	5,199
Minnesota State Universities			
Graduate	1,238	2,477	1,238
Category II—Undergraduates			
(U of South Dakota-Vermillion, South Dakota State University, South Dakota School of Mines & Technology	915	2,085	915
UM-Duluth (College of Letters & Sciences)			
Lower Division	1,548	4,258	1,287
Upper Division	1,846	5,076	1,287
UM-Morris			
Lower Division	1,548	4,258	1,287
Upper Division	1,770	4,867	1,287
UM-Waseca	1,548	4,258	1,287
UM-Crookston	1,548	4,258	1,287
Category III—Undergraduates			
South Dakota Colleges (Northern State, Dakota State, Black Hills)	885	1,875	999
Minnesota State Universities	1,289	2,578	999
Minnesota Community Colleges[1]	1,013[1]	2,115[1]	999

[1] $2 activity fee deducted.
Source: Minnesota Higher Education Coordinating Board

in neighboring states under reciprocity while 8,454 residents of neighboring states attended Minnesota institutions.

Another significant value of the program is its cost effectiveness. In academic year 1983-84, for example, the average state appropriation per Minnesota student net of out-of-state students in the program is estimated to be $466, as shown in Table IV.10. This compares with the 1983-84 state subsidy per student of more than $3,000 at the University of Minnesota and over $2,000 at the state universities. These net costs are expected to decrease further in the 1986-87 biennium.

TABLE IV.14
NUMBER OF SEATS AND COSTS IN OPTOMETRY AND OSTEOPATHY CONTRACTING PROGRAM
FISCAL YEARS 1981-1985 AND ESTIMATES FOR FISCAL YEARS 1986-87

	FY 1981 Actual	FY 1982 Actual	FY 1983 Actual	FY 1984 Actual	FY 1985 Actual	FY 1986 Estimated	FY 1987 Estimated
Optometry							
No. of Continuing Seats	18	31	31	18	5	0	0
No. of New Seats	13	5	0	0	0	0	0
Cost Per Seat	4,000-5,500	4,500-5,500	4,500-5,500	4,900-5,500	4,900-5,500	0	0
Total Optometry Cost	$144,500	$181,600	$156,700	$ 91,800	$ 26,900	0	0
Osteopathy							
No. of Continuing Seats	15	21	21	13	8	16	15
No. of New Seats	10	3	0	5	11	5	5
Cost Per Seat	13,500	14,500	14,500	16,000	11,250-16,000	11,250-16,000	16,000
Total Osteopathy Cost	$355,500	$348,000	$304,500	$288,000	$283,000	$315,000	$320,000

Source: Minnesota Higher Education Coordinating Board.

3. Optometry-Osteopathy Contracts

Objective: To provide opportunities for Minnesota residents to pursue professional studies in optometry and osteopathy and to ensure a stable supply of qualified professionals in optometry and osteopathy for the state by contracting for student spaces in institutions located in other states.

Statutory Authority: *Minn. Stat.* Section 136A.225 (1984).

Background: The Optometry and Osteopathy Contracting Program was established in 1977 to respond to projections of a diminishing supply of professionals in both health areas in Minnesota. Since there are no professional programs in either optometry or osteopathy in Minnesota, the method of contracting for a specified number of seats in each entering class is designed to assure a stable pool of professionals committed to practicing in the state.

The Board is authorized to contract for placement of up to 10 seats in colleges of osteopathy and up to 13 seats in schools of optometry.

While the contracting approach to meeting professional needs has limits, it is a more flexible approach than establishing new programs or schools, and it encourages regional and inter-institutional planning for meeting regional needs. In addition, through the contracting method students have a range of choices among participating institutions.

Minnesota residents are eligible to apply for a seat at one of the schools with which Minnesota has contracted. The Coordinating Board determines whether applicants meet the basic eligibility requirements and notifies the schools of each eligible applicant. The contract seats are awarded on a competitive basis after the school reviews and evaluates the eligible applicants to their institutions. To be eligible, an applicant must demonstrate that he or she is a permanent resident of Minnesota and enter into an agreement to practice optometry or osteopathy in Minnesota for not less than three years. Each optometry contract seat student receives a reduction in tuition and fees as determined in the contract between the Coordinating Board and the institution. For state institutions, students pay the tuition and fees charged for in-state students; for osteopathy students, the tuition and fees are the same as in-state tuition and fees at the University of Minnesota Medical School; and for students at private optometry schools, students receive a tuition reduction or scholarship.

Status: The 1979 Legislature appropriated $423,000 for Fiscal Year 1980 and $636,500 for 1981. The 1981 Legislature appropriated $553,000 for Fiscal Year 1982 and $579,000 for Fiscal Year 1983 with the language that no more than eight new students should be admitted to the program each year.

A rider was attached to the 1981 law directing the Board to amend the contracts with participating institutions to provide that continued participation by Minnesota be contingent upon the availability of appropriations for the program. The contracts were amended in this manner.

Reductions in program funding occurred in Fiscal Year 1982 and 1983 as a result of the state budget crisis. The Fiscal Year 1982 appropriation was reduced by $3,400 and the Fiscal Year 1983 appropriation by $119,000. This resulted in the elimination of all contracts for new students and inflation increases for contract seats in 1983.

The 1983 Legislature appropriated $387,800 for Fiscal Year 1984 and $237,300 for 1985, amounts sufficient to fund all renewed seats and five new osteopathy students per year. The Coordinating Board had requested funding the 13 initial optometry and 10 initial osteopathy seats per year as well as all renewed seats.

The 1984 Minnesota Legislature, in providing the Coordinating Board a supplemental appropriation of $5 million for the State Scholarship and Grant Program, indicated that an amount not to exceed $75,000 is for osteopathy contracts for osteopathy students who began their first year of study in the fall of 1982. These students are to be eligible in the program for their third and fourth year of study.[10]

Table IV.14 shows actual and projected participation and cost figures.

As of August 1984, there are 15 osteopathy graduates eligible to begin practice in Minnesota. Of these, 10 have requested and been granted a delay of service in order to specialize, and two have established a practice in Minnesota. The remaining three have not stated their intentions.

There are 18 optometry graduates eligible to begin practice in Minnesota. Of these, one has requested and been granted a delay of service, 10 have established a practice, one is repaying the state for the contracted amount, and the remaining six have not stated their intentions.

Recommendations: In order to continue providing educational opportunities that will result in a stable supply of professionals in osteopathic medicine and to share in the burden of inflationary costs for educating students from Minnesota, the Board recommends the following:

1. **That appropriations of $315,000 for Fiscal Year 1986 and $320,000 for Fiscal Year 1987 be provided which would allow for five new seats each year in the Osteopathy Contracting Program, in addition to continuing seats.**

Rationale: The budget for osteopathy seats is based upon five new participants each year of the biennium. This will allow for new osteopathy contract seat students and continue support for current osteopathy contract seat students. The recommendations are based on documented needs for professionals in osteopathy.

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[10] *Laws of Minnesota for 1984,* Chapter 654 Article 4, Section 3(a).

THE FUTURE

V

A. INTRODUCTION

Much has been accomplished during the past two years in improving the quality of Minnesota post-secondary education, in ensuring equal opportunity, and in promoting efficiency and cooperation. As a result, post-secondary education has contributed to the revitalization of the state's economy. Yet while the 1983 higher education initiatives have provided the foundation for a new era in Minnesota post-secondary education, much remains to be accomplished in order to sustain and enhance quality.

As this report has demonstrated, Minnesota post-secondary education is in better condition than it has been in several years. The erosion of funding to post-secondary education that occurred in the early 1980s has been reversed. The state has made considerable progress in achieving most of the goals adopted for post-secondary education in 1982. Minnesota ranks high compared to other states in several funding and achievement categories.

Nevertheless, a review of demographic and economic trends suggests that preserving and enhancing quality in the future will continue to be a challenge. Demographic and fiscal conditions will continue to influence future post-secondary developments. Minnesota, for example, will experience an 18 percent decline in high school graduates between 1984 and 1992. The rate of participation of adults in post-secondary education grew rapidly in the 1970s but has moderated throughout the nation in recent years. Although post-secondary education has contributed to and benefited from the recent economic recovery, the length and magnitude of these favorable economic conditions are uncertain. While Minnesota has supported post-secondary education generously in the past, it is unlikely that dramatic funding increases will be forthcoming in the future. Minnesota already ranks high nationally in support for post-secondary education. Many public services are vying for public resources; at the same time tax relief is a priority of many state policymakers. Efforts to improve elementary and secondary education could require additional funding, possibly at the expense of funding for post-secondary education. To ignore these enrollment and fiscal realities would leave the state's post-secondary education system vulnerable to the same devastating trends that occurred in the early 1980s—deterioration of facilities, lack of growth in faculty salaries, and ultimately diminution of quality. Thus, continued planning to achieve the state's goals for post-secondary education will have to recognize these enrollment and fiscal factors.

The progress that has occurred in achieving the state's goals has been due largely to the implementation of the 1983 funding and governance policies. Since they are new policies, however, they need to be monitored carefully, and adequate time will be required to assess their full impact.

Both nationally and in Minnesota the same kinds of concerns and issues regarding quality that have dominated discussions on elementary and secondary education are likely to extend to post-secondary education. This was evident in recent Coordinating Board studies on remedial education and admissions standards. During the past year, the Coordinating Board has emphasized standards of quality and plans to continue this focus in the coming biennium. The review of goals in this report revealed shortcomings in attaining the goal of educational effectiveness. There is a need to define and measure the expected outcomes of post-secondary instruction.

In order to achieve the state's goals, careful state, system, and institutional planning must occur. The legislature has encouraged this planning in part by requiring the preparation of long range system plans every two years. A key part of the planning effort is a review of post-secondary education missions to ascertain their similarities and differences and relationship to the total state post-secondary system. The Coordinating Board is sponsoring a dialogue on mission involving all the public and private post-secondary systems and will report the results in early 1985. Minnesota also will benefit from expanded interstate and regional planning.

Another area of emphasis is continued coordination and cooperation which can lead to improved efficiency of institutions and resources. Improved cooperation and coordination have resulted from the Board's program review process and from several Board studies such as on transfer of credit. It also has occurred through cooperation between community colleges and AVTIs located in the same or nearby communities. Many possibilities for coordinated efforts exist. In its *1984-87 Management Plan,* for example, the Board proposed developing a coordinated plan for incorporating instructional technology.

As the state concentrates on emerging issues such as expanding technology and international education, it also should continue to promote its traditional goals of providing access and equal opportunity to post-secondary education systems and institutions. Progress toward achieving access and choice has occurred through the growth and refinement of the state's student financial aid and interstate tuition reciprocity programs. But additional effort is proposed to better inform all citizens about the diverse array of opportunities that are available to them.

The following sections outline some of the specific projects and issues scheduled for consideration in the mid-1980s.

B. ACTIVITIES TO BE COMPLETED DURING THE 1985 LEGISLATIVE SESSION

The Coordinating Board is working on several projects scheduled for completion prior to or during the 1985 legislative session. They are:

Report and Recommendations on Teacher Education in Minnesota.

Review and Comment on Post-Secondary Education Systems' Plans for the Future.

Dialogue on Similarities and Differences in Systems' Missions in Minnesota

Report and Recommendations on Engineering Support Programs.

Report and Recommendations on Faculty Characteristics in Minnesota Post-Secondary Education.

Review of Systems' Responses to Board's Recommendations on Programs With Low or Declining Graduate Numbers.

Report and Recommendations on Student Aid Delivery Systems.

Plan and Recommendations on Articulating Private Institution Registration and Instructional Program Review.

Report and Recommendations on Tuition Reciprocity.

C. PROJECTS FOR THE 1985-87 BIENNIUM

The Coordinating Board in 1985-87 will complete several projects that address state needs and concerns about the future of post-secondary education in Minnesota. These projects are contained in the Board's *1984-87 Management Plan.* Three types of projects are scheduled for the next few years. They are:

Special Projects—The Board examines areas of particular relevance and concern within Minnesota post-secondary education and provides objective, rigorous analysis and research of the policy issues and alternatives.

Areas of Special Emphasis—The Board fosters coordinated action within post-secondary education on specific areas of special emphasis.

Special Issues—The Board prepares papers on special issues in Minnesota post-secondary education that warrant public discussion but don't require in-depth policy analysis or research.

Following are the projects scheduled for completion under the three categories:

Special Projects

Work Opportunities for Post-Secondary Students. This project will examine how existing state and federal college work-study programs complement other work opportunities for students. The study will examine whether sufficient work opportunities are available to make it possible for students to meet the obligation expected of them in the Design for Shared Responsibility. Various strategies for state action will be analyzed.

Task Force on the Definition of College-Level Studies. In response to its study of remedial education, one Board proposal was to convene a task force to develop guidelines for college-level instructional outcomes in reading, writing and mathematics that warrant undergraduate degree credit. The task force will include secondary and post-secondary faculty, academic officers, and assessment specialists.

Analysis of the Faculty Age Profile. This study of the flow of faculty within Minnesota post-secondary education institutions will project current faculty characteristics, trends and policies to determine if and to what extent the expected consequences of faculty reductions will occur. The effects of various policy alternatives also will be examined.

Minnesota Post-Secondary Students' Educational Budgets. This project will examine how much it costs Minnesota students to attend various post-secondary institutions. It will examine the differences in costs between institutions and within institutions. In addition to examining tuition charges, it will examine directly related educational costs (fees, books, equipment, etc.) and living expenses (room and board, transportation, child care, etc.). The results will be used to compare how well state financial assistance programs are designed to address the true costs facing students and their families.

Research and Instructional Equipment Replacement. This report would examine the current efforts within the state's post-secondary education institutions to replace instructional equipment and how various state policies affect whether institutions can maintain "state-of-the-art" equipment to enhance quality education. Because of the size of the budget and the need to provide instruction with up-to-date equipment, it may be advisable for the state to adopt a policy for the depreciation, replacement and financing of instructional research equipment.

Providing Scientific and Technical Expertise to Support Minnesota Business. To support the state's initiatives to attract technology-intensive firms, Minnesota's post-secondary institutions will need to review their research and service missions as well as their educational missions. This project will review the roles and responsibilities of post-secondary institutions in supporting the development of the human and intellectual resources needed for Minnesota businesses to compete in national and international markets.

Monitoring the Impact of the 1983 Legislature's Finance and Governance Initiatives. The Coordinating Board strongly endorsed the finance and governance initiatives adopted by the 1983 Legislature. Now the Board has a responsibility to examine whether this reform package accomplishes its objectives. Monitoring the initiatives' results will take many forms. It will involve assessing the impact on system governance. It will involve assessing the impact on students' decisions whether and where to attend college or vocational school. And it will assess net impact on costs to students and on resources for post-secondary institutions.

Graduate Education in Minnesota. This study would analyze what graduate education is offered in Minnesota and the costs and benefits of this education to students, the state, and others. The state's average cost funding approach and movement toward instructional cost based tuition has focused particular attention on financing issues in graduate education. As a national center for many high-technology industries and headquarters for many national corporations, Minnesota has a high demand for individuals with graduate training. Anticipated retirement trends in college and university faculty are also likely to increase the demand for advanced degree holders in teaching and research.

Merit Based Scholarships. This study would examine the impact of merit-based scholarships on students' decisions whether or where to attend a post-secondary institution. It also would discuss the relationship of such aid to statewide goals of equal opportunity and diversity.

Areas of Special Emphasis

Developing a Coordinated Plan for Incorporating Instructional Technology. Many institutions are adopting various uses of instructional technologies, but there is little or no coordination of these efforts between institutions and systems. Through this emphasis the Board would coordinate an effort to examine the potential for use of instructional technology in Minnesota post-secondary education. This effort would review some of the anticipated effects on the state's traditional institutions or the revolution in technology. It would explore the questions that arise concerning governance, quality, accreditation and consumer protection as new forms of delivering educational services are developed in response to the availability of new technologies.

In addition to exploring these issues, this coordinated effort would develop a plan for sharing resources and experience to facilitate the development of instructional technologies in Minnesota.

Increase the Agency's Communications Effort. In this effort the agency would increase its communications efforts to accomplish various objectives. One purpose would be to encourage high-school students to prepare themselves adequately for post-secondary education. Another purpose would be to inform all Minnesotans of the wide range of post-secondary educational opportunities available to them and the availability of financial aid for those experiencing economic hardship. A final purpose would be to work with other state agencies and the private sector to promote the state's post-secondary system outside the state.

Developing a Coordinated Regional Planning Format. Recent efforts by the Board to develop a regional planning format demonstrated that effective regional planning requires cooperation from all sectors of post-secondary education. The Board would develop a planning format and seek the cooperation of all post-secondary systems in providing the data necessary to make regional planning possible. Through this effort the Board would work to foster greater coordination within various regions.

Comprehensive Data Base Development. Development of the student record data base has demonstrated the value of working closely with the systems to develop regular data reporting structures for compiling comprehensive data bases. To serve the legislature and governor effectively in the future will require more comprehensive information in such areas as program costs and budget allocations, faculty characteristics and educational outcomes. The Board will work with the post-secondary community to build a comprehensive information system.

Plan for Assessing and Reinforcing Quality. Now, it is virtually impossible to assess how well Minnesota' post-secondary education system is accomplishing its purpose, or whether some educational approaches or institutions are more successful than others. A plan for assessing and reinforcing quality would examine not only inputs into the educational process, but educational outcomes as well.

Special Issues

Future Directions for the MINITEX Program. Technological change is altering radically the services provided by libraries. This effort will examine the issues that this change poses for the MINITEX program and will examine how the program might change to keep pace with the industry it serves.

Future Directions for the Post-High School Planning Program. The pressure to heighten academic standards, both within secondary and post-secondary education, has significant implications for the Post-High School Planning Program. This effort will examine the ways in which this program could be used to complement efforts of the Board and others to assess the success of efforts to increase standards and to help students better understand their own areas of strength and weakness. The future nature and delivery of program services also will be reviewed.

A. SUMMARY OF MEETING WITH GOVERNING BOARDS

Accreditation and its relationship to governing boards in the protection and advancement of quality was the topic of the 1983 annual meeting of post-secondary education governing boards. The meeting was held January 5, 1984 in St. Paul. It was sponsored by the Coordinating Board with funding provided by The First National Bank of St. Paul, Norwest Bank of Minneapolis, Bankers Trust of New York, and the Potlatch Corporation of Cloquet. Approximately 90 guests attended. They included members of governing boards and system administrators for public and private institutions, legislators and staff, and others interested in post-secondary education. Guest speakers were Richard Millard, president of the Council on Post-Secondary Accreditation (COPA) and Sister Ann Ida Gannon, B.V.M., a professor of philosophy at Mundelein College in Chicago, Illinois. Also speaking were Coordinating Board President Archie D. Chelseth, Vice President Gretchen Taylor, and Executive Director Clyde R. Ingle.

Millard described the accreditation process, responded to criticisms of it, explained its relationship to state agencies and concerns, and outlined ways in which it serves the public. In a period when quality has become a primary educational and public concern, accreditation takes on additional importance and responsibilities, Millard said. If the quality challenge is to be met without loss of the diversity and uniqueness of higher education in the country, then it is critically important that programs, institutions—including their trustees—the states, and the public work with and support the communal self-regulatory means of quality assessment and enhancement which is accreditation to make it as strong and reliable as possible, he said. The alternatives to accreditation, whatever its weaknesses are likely to undermine the diversity and the vitality of higher education in this country and thus, higher education as we have developed it as a whole, he added. COPA is a national non-governmental organization that works to foster the role of accrediting agencies in promoting and insuring the quality and diversity of American post-secondary education.

Sister Gannon emphasized the need for governing board members to participate in the accreditation process. Board members should be included in the institutional self-study and the visit by the accrediting team, and most importantly should read the entire report, she said.

The annual meetings have been occurring since the 1976 Legislature passed a law directing the Coordinating Board to sponsor an annual meeting of representatives of the University of Minnesota Board of Regents, the State University Board, the State Board for Community Colleges, the State Board for Vocational Education, the Higher Education Coordinating Board, the Higher Education Facilities Authority, and the trustees of private institutions.[1]

The 1984 annual meeting was held in December 1984 and focused on system missions.

B. REVIEW AND COMMENT ON HIGHER EDUCATION FACILITIES AUTHORITY ANNUAL REPORT

Introduction: The Higher Education Coordinating Board is required to review and comment upon the annual report of the Minnesota Higher Education Facilities Authority and to make recommendations that it deems necessary to the governor and legislature.[2] In summer 1984 the Coordinating Board approved for transmittal to the governor and legislature a paper commenting on the 1983 annual report of the Facilities Authority and current issues in the use of tax-exempt financing for educational facilities.[3] The Board's paper provides a brief description and background on the Authority. It also describes recent legislative changes that affect the relationship between the Authority and the Coordinating Board. The second part of the Board's paper reviews the highlights of the Authority's annual report. The third part comments on the Authority's report and also on issues in the use of tax-exempt financing for educational facilities.

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[1] *Minn. Stat.* 136A.041 (1984).

[2] *Minn. Stat.* 136A.25-136A.42 (1982, 1983 Supplement).

Background: The Authority was created in 1971 to assist non-profit, nonsectarian colleges, universities and professional schools that need loans for new construction, remodeling, or refinancing of indebtedness of existing buildings. Although the statutes do not limit funding to the private sector, no public institution has applied for funding. In Minnesota Higher Education Facilities Authority v. Hawk, filed August 8, 1975, the Minnesota Supreme Court affirmed the constitutionality of the issuance of tax-exempt bonds by the Authority to refinance debts incurred by Minnesota private colleges in constructing facilities used solely for non-sectarian purposes. The decision has been interpreted by the Authority's bond counsel to confirm the legality of bonds issued by the Authority to finance original construction, improvement, and remodeling projects.

Membership consists of eight members appointed by the governor with the advice and consent of the Senate, the executive director of the Coordinating Board (or the director's designee), and the president of the Private College Council in an advisory non-voting capacity. At least one member is to be a person having skills, knowledge and experience in state and municipal finance; at least one member is to be a trustee, director, officer, or employee of a higher education institution. Members serve four-year terms.

The Authority is a state agency, but operates independently from state government; the Authority, however, uses the state payroll system to facilitate administration of benefits for its employees in the same manner as unclassified Higher Education Coordinating Board employees. Dr. Joseph LaBelle has been executive director since inception of the Authority.

Originally the Authority was given the power to issue tax-exempt revenue bonds in a total not to exceed $45 million. The 1973 Legislature increased this limit to $62 million of principal outstanding at any one time. The 1978 Legislature raised the limit to $100 million, and the 1983 Legislature increased it to $150 million. As of November 22, 1983, the Authority had financed 37 projects with bond issues totaling $117,010,000, and total amount outstanding $103,460,000. The Authority's bonds are not obligations of the state; they are payable only from specified revenues and collateral.

The funds received from 31 of the 37 issues were used for construction projects, funds from three issues were used to refinance other debts, funds from one issue were used partially for construction and partially for refinancing other debts, funds from one issue were used to refinance an earlier Authority project, and the final issue was a pool project in which 10 different institutions had projects included in one bond issue.

Projects for which the Authority may issue bonds include buildings or facilities for use as student housing, academic buildings, parking facilities, and other structures useful for the instruction of students or for conducting research in the operation of a higher education institution.

The Authority acts as the agency for eligible institutions by securing loans for them at lower interest rates than might be directly available for the schools. The institution then signs a lease or loan agreement with the Authority to repay the Authority's debt.

The Authority operates entirely on fees collected for administering projects financed through it. The Authority never has received a direct state appropriation. Although it borrowed state funds to meet payroll costs in its early years, the negative cash balance with the Department of Finance was eliminated in Fiscal Year 1979.

Comment: The Board's paper comments on information in the Authority's 1983 report indicating that the unrestricted fund balance—the fund used entirely for the administration and operation of the Authority—was at the end of the year almost twice the amount of expenses ($246,673 vs. $123,911). At the current rate of expenditures this would amount to about a two-year supply of funds.

The Board's paper concludes that reserves beyond the current year's operating expenses are appropriate for they provide a cushion to cover potential contingent liabilities. As revenues in the unrestricted fund balance continue to grow, however, the Authority will need to establish an appropriate level for a contingency reserve.

Three issues examined are not based directly on the Authority's report but may affect the continuing ability of the Authority to serve the facilities financing needs of the Minnesota higher education community.

The presence of more than one bonding authority is the first of these issues. Under current law, any local bonding authority could become involved in this type of activity.

The staff paper focuses on the $18.2 million bond issue in 1983 by the St. Paul Housing and Redevelopment Authority to provide loans to St. Paul educational institutions to finance the cost of equipment and construction projects.

The second of the three issues addressed in the Board's report is the federal legislation.

Congress in summer 1984 passed a major tax bill—after the Board's paper was completed. Though the tax legislation will reduce significantly the use of tax-exempt financing by imposing a state cap on such funding for "private purpose" activities, no constraints were placed on the use of tax-exempt financing for the Facilities Authority. Thus, the possibility remains for excessive borrowing for this purpose. As one of the few tax-exempt financing options that remains outside the cap, no incentives exist to constrain this form of financing.

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[3] Minnesota Higher Education Coordinating Board, *Comment on Fiscal Year 1983 Annual Report of the Minnesota Higher Education Facilities Authority and Current Issues in the Use of Tax-Exempt Financing for Educational Facilities, with Coordinating Board Recommendations* (September 1984)

The final issue addressed is the use of the open pooled bond concept compared to the closed pool approach.

In November 1983 the Facilities Authority issued tax-exempt revenue bonds using the closed pool concept. Under this approach, the Authority knew the specific projects that would be financed by the issue and could determine exactly where the money was and how it would flow to pay off the bonds. Under the open pooled concept, used by the St. Paul Authority, the participating institutions submit their project applications after the bonds have been issued.

The Board's paper notes that the closed pooled bond sale produces a more fiscally responsible program than the open pooled concept.

A potential problem with the open pooled concept is that projects or the need for them have not been determined, and the resources from the bond issue can be arbitraged extensively. That is, revenue from tax-exempt bonds is invested in taxable securities by a tax-exempt organization and a profit is made by the issuing authority without a public purpose being served.

Recommendations: Based on its comment on the Authority's 1983 annual report, the Coordinating Board adopted the following recommendations:

1. **That the Board accept the review and comment and transmit it to the governor and Minnesota Legislature.**

Rationale: The Coordinating Board is required by statute to review and comment on the annual report of the Facilities Authority.

2. **That the Higher Education Coordinating Board monitor all activities for financing higher education facilities in Minnesota through tax-exempt financing and be prepared to seek legislation restricting the use of such funding to the Higher Education Facilities Authority if future activities, in the opinion of the Coordinating Board, begin to abuse the use of this form of financing.**

Rationale: Federal tax legislation passed in the summer of 1984 will reduce significantly the use of tax-exempt financing by imposing a state cap on such funding for "private purpose" activities. No constraints, however, were imposed on the use of tax-exempt bonds for the Higher Education Facilities Authority. Thus, the possibility for excessive borrowing for this purpose remains. As one of the few tax-exempt financing options that remains outside the cap, no incentives exist to constrain this form of financing. Despite the potential for abuse in this area, however, only one Minnesota issuer other than the Facilities Authority has financed bonds for this purpose. Nevertheless, monitoring of tax-exempt financing for higher education facilities is desirable. The proliferation of authorities to provide essentially the same service would represent unnecessary duplication. In view of the pressures in the future, the long-term public interest may not coincide with the short-term interest of a local community.

C. ADVISORY COMMITTEES

Advisory groups are an important source of information and advice on issues considered by the Coordinating Board. Under a policy adopted in January 1979, the Board uses the following kinds of advisory committees:

1. **Standing Committees.** They advise the Board and its staff on matters that relate to their areas of special competence and concern.
2. **Special Advisory Committees.** They are established as required to advise the Board and its staff on matters of special concern. Special advisory committees have specific tasks and scheduled dates for work completion. They are disbanded upon completion of their work.

Each year the Board receives a staff report on advisory committees. It includes a review of the policy governing advisory committees, a list of the Board's committees, statements of their purpose, membership, and membership expiration dates.

Standing Committees

1. Financial Aid Advisory Committee
2. MINITEX Advisory Committee
3. Program Advisory Committee
4. Minnesota Post-High School Planning Program Advisory Committee
5. Higher Education Advisory Council (HEAC)
6. Student Advisory Committee

Special Advisory Committees

1. Teacher Education Advisory Committee
2. Engineering Support Programs Advisory Committee
3. Special Advisory Committee on Nursing Education in Northeastern Minnesota and Northwestern Wisconsin

Advisory Committees Which Have Completed Their Work

The following committees have completed their work in the past two years and have been disbanded.

1. Academic Credit Advisory Committee
2. Remedial Education Advisory Committee
3. Standards of Student Progress Advisory Committee
4. Transfer of Credit Advisory Committee
5. Catalog Study Advisory Committee
6. Part-Time Student Financial Aid Advisory Committee

D. MINNESOTA HIGHER EDUCATION COORDINATING BOARD REPORTS AND PUBLICATIONS

PUBLICATIONS

Problems, Prospects, Proposals, Report to the Governor and 1983 Legislature, Parts I and II, (January 1983).

Focus on Financial Aid (1983 and 1984), annual tabloid describing student financial aid programs.

MHECB Report, agency newsletter.

Financial Aid and Reciprocity, brochure, (1983 and 1984).

Financial Aids Manual

Student Guide (October 1984).

Minnesota Higher Education Coordinating Board, brochure describing agency (May 1984).

Final Report of the Task Force on the Future Funding of Post-Secondary Education (December 1982).

Post-High School Planning Program, brochure, (1983 and 1984).

Will You Transfer? (September 1984)

POLICY PAPERS

Remedial and Skills Development Instruction in Minnesota Post-Secondary Education (May 1984).

An Overview of the Design for Shared Responsibility in Minnesota's Student Financial Aid System (December 1982).

Student Borrowing Needs in Minnesota and Options for Meeting this Need (June 1983)

A Recommended Tuition Policy for Minnesota Public Post-Secondary Education (December 1982).

A Review of Trends in the Number of Graduates from Existing Minnesota Post-Secondary Instructional Programs (January 1984).

Standards and Procedures for Awarding Academic Credit (October 1983).

A Review of Policies Related to Standards of Progress in Minnesota Post-Secondary Institutions (March 1984).

Recommendations on Future Funding Policies for Minnesota Post-Secondary Education (January 1983).

Credit Transfer: A Review of Policies, Practices and Problems (May 1984).

Financial Aid for Part-Time Students (September 1984).

State Policies on Teacher Education: Analysis and Alternatives (November 1984)

STATUS REPORTS

HECB Advisory Committees (August 1983 and September 1984).

Minnesota Interlibrary Telecommunications Exchange (MINITEX), (March 1984).

A Progress Report on the Implementation of Articulated Nursing Education in Minnesota (December 1983).

OTHER REPORTS

Coordinating Board Review and Comment on Responses by Post-Secondary Education Systems to House File 2 (January 28, 1983).

Management Plan 1983-86 (September 1983).

Management Plan 1984-87 (October 1984).

Review and Comment on Proposals for Admissions Requirements for Incoming Freshmen (February 1984).

Review and Comment on Plans for Cooperation by AVTIs and Community Colleges (February 1984).

Review and Comment on State Board of Vocational Technical Education Action on Low Placement Low Enrollment Programs (July 1984).

Comment on Fiscal Year 1983 Annual Report of the Minnesota Higher Education Facilities Authority and Current Issues in the Use of Tax-Exempt Financing for Education Facilities (September 1984).

Minnesota Post-Secondary Catalogs: Content, Clarity and Accuracy (March 1984).

Design for a Proposed Supplemental Student Loan Program (May 1984).

TECHNICAL PAPERS AND DATA REPORTS

Preliminary Fall 1983 Headcount Enrollment Report (December 1983).

Participation of 1982 Minnesota High School Graduates in Minnesota Post-Secondary Education (June 1983).

Enrollment by Age, Level, and Sex, Fall 1982 (November 1983).

Transfer Activity of Minnesota Undergraduate Students, Academic Year 1981-82 (August 1983).

Basic Data Series Report No. 11, Fall 1982 Post-Secondary Education Enrollment Survey (April 1983).

Basic Data Series Report No. 12, Fall 1983 Post-Secondary Education Enrollment Survey (August 1984).

Nursing Education in Northeastern Minnesota and Northwestern Wisconsin (October 1984).

Student Dependency for the State Scholarship and Grant Program (September 1983).

Minnesota Public Post-Secondary Education Enrollment Projections, 1983-84-2002-03 (January 1984).

Minnesota Public Post-Secondary Education Enrollment Projections, 1982-83-2001-02 (April 1983).

APPENDIX E

TABLE 1

MINNESOTA RESIDENT/NON-RESIDENT/FOREIGN FALL HEADCOUNT ENROLLMENT BY SYSTEM, 1976-1983

System	Fall 1976							Fall 1977						
	Minn. Resident		Other States		Foreign		Total	Minn. Resident		Other States		Foreign		Total
	No.	Percent	No.	Percent	No.	Percent	No.	No.	Percent	No.	Percent	No.	Percent	No.
AVTI	26,726	96.3	996	3.6	24	0.1	27,746	27,239	96.1	1,074	3.8	20	0.1	28,333
Community College	26,768	95.3	416	1.5	915	3.2	28,099	27,204	93.3	316	1.1	1,626	5.6	29,146
State University	32,105	86.7	4,371	11.8	536	1.4	37,012	32,563	86.7	4,341	11.6	655	1.7	37,559
University of Minnesota	46,942	83.7	7,430	13.2	1,745	3.1	56,177	46,121	83.1	7,636	13.8	1,727	3.1	55,484
Private Two-Year	1,338	82.3	278	17.1	9	0.6	1,625	1,394	82.8	278	16.5	11	0.7	1,683
Private Four-Year	22,433	66.5	10,592	31.4	701	2.1	33,726	22,799	66.5	10,855	31.6	651	1.9	34,305
Private Professional	1,733	78.8	438	19.9	27	1.2	2,198	1,653	80.8	371	18.1	23	1.1	2,047
TOTAL	158,045	84.7	24,521	13.1	3,957	2.1	186,523	158,973	84.3	24,871	13.2	4,713	2.5	188,557

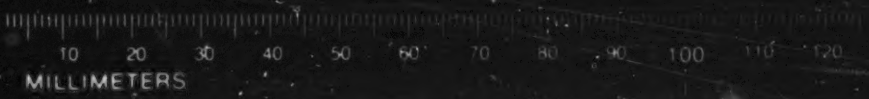
System	Fall 1978							Fall 1979						
	Minn. Resident		Other States		Foreign		Total	Minn. Resident		Other States		Foreign		Total
	No.	Percent	No.	Percent	No.	Percent	No.	No.	Percent	No.	Percent	No.	Percent	No.
AVTI	26,112	95.5	1,191	4.4	28	0.1	27,331	26,177	94.8	1,381	5.0	45	0.2	27,603
Community College	29,162	95.3	352	1.1	1,096	3.6	30,610	31,071	96.0	457	1.4	839	2.6	32,367
State University	32,509	85.4	4,694	12.3	873	2.3	38,076	33,202	85.0	4,995	12.8	875	2.2	39,072
University of Minnesota	45,701	82.1	8,086	14.5	1,855	3.3	55,642	47,755	84.2	6,992	12.3	1,969	3.5	56,716
Private Two-Year	1,388	84.3	247	15.0	11	0.7	1,646	1,439	85.2	216	12.8	33	2.0	1,688
Private Four-Year	23,693	67.4	10,792	30.7	655	1.9	35,140	24,431	68.0	10,794	30.0	712	2.0	35,937
Private Professional	1,874	78.6	478	20.1	32	1.3	2,384	1,868	80.0	442	18.9	26	1.1	2,336
TOTAL	160,439	84.1	25,840	13.5	4,550	2.4	190,829	165,943	84.8	25,277	12.9	4,499	2.3	195,719

System	Fall 1980							Fall 1981						
	Minn. Resident		Other States		Foreign		Total	Minn. Resident		Other States		Foreign		Total
	No.	Percent	No.	Percent	No.	Percent	No.	No.	Percent	No.	Percent	No.	Percent	No.
AVTI	28,398	94.3	1,662	5.5	52	0.2	30,112	29,646	94.9	1,557	5.0	34	0.1	31,237
Community College	32,838	95.6	499	1.5	1,000	2.9	34,337	35,045	94.2	435	1.2	1,718	4.6	37,198
State University	34,908	84.1	5,571	13.4	1,005	2.4	41,484	36,108	83.7	5,981	13.9	1,028	2.4	43,117
University of Minnesota	50,195	84.9	6,809	11.5	2,086	3.5	59,090	50,047	84.5	7,015	11.8	2,157	3.6	59,219
Private Two-Year	1,414	86.3	197	12.0	27	1.6	1,638	1,395	87.2	188	11.7	17	1.1	1,600
Private Four-Year	25,218	68.2	10,881	29.4	851	2.3	36,950	26,107	68.8	10,924	28.8	940	2.5	37,971
Private Professional	1,909	77.2	534	21.6	29	1.2	2,472	1,910	75.9	580	23.1	26	1.0	2,516
TOTAL	174,880	84.9	26,153	12.7	5,050	2.5	206,083	180,369	84.7	26,680	12.5	5,920	2.8	212,858

System	Fall 1982							Fall 1983[1]						
	Minn. Resident		Other States		Foreign		Total	Minn. Resident		Other States		Foreign		Total
	No.	Percent	No.	Percent	No.	Percent	No.	No.	Percent	No.	Percent	No.	Percent	No.
AVTI	30,314	95.4	1,454	4.6	23	0.1	31,791	32,443	92.7	2,561	7.3	4	0.0	35,008
Community College	35,347	94.4	520	1.4	1,578	4.2	37,445	36,522	98.1	488	1.3	223	0.6	37,233
State University	36,611	84.5	5,675	13.1	1,042	2.4	43,328	36,610	84.9	5,603	13.0	916	2.1	43,129
University of Minnesota	49,575	83.6	7,241	12.2	2,474	4.2	59,290	44,555	83.2	6,471	12.1	2,524	4.7	53,550
Private Two-Year	1,389	82.2	277	16.4	24	1.4	1,690	1,543	89.0	175	10.1	16	0.9	1,734
Private Four-Year	25,741	68.4	10,865	28.9	1,048	2.8	37,654	25,860	67.5	11,300	29.5	1,130	3.0	36,290
Private Professional	2,049	78.3	539	20.6	30	1.1	2,618	1,938	79.1	491	20.0	22	0.9	2,451
TOTAL	181,026	84.7	26,571	12.4	6,219	2.9	213,816	179,471	84.9	27,089	12.8	4,835	2.3	211,395

[1] Does not include 9,010 students whose place of residence was unknown.

Source Minnesota Higher Education Coordinating Board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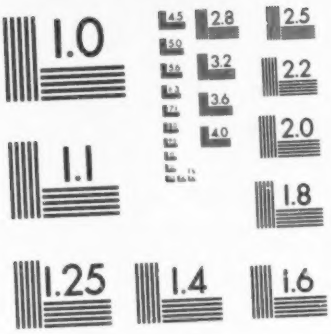
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